

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the California Horse Racing Board will be held on, **Thursday, January 24, 2002**, commencing at **10:30 a.m.**, at the **Holiday Inn**, 924 West Huntington Drive, **Monrovia**, California.

AGENDA

Action Items

1. Approval of the **minutes** of the regular meeting of November 30, 2001.
2. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of Capitol Racing, LLC (H)** at Cal-Expo, commencing March 1 through July 27, 2002, inclusive.
3. Discussion and action by the Board on the **request of Bay Meadows and Golden Gate Fields to amend the Board approved 2002 Race Dates**.
4. Discussion and action by the Board on **the Application for License to Conduct Advance Deposit Wagering** by Youbet.com.
5. Discussion and action by the Board on **the Application for License to Conduct Advance Deposit Wagering** by 20014 Delaware, Inc., a wholly-owned subsidiary of Magna Entertainment Corporation.
6. Discussion and action by the Board on **the Application for License to Conduct Advance Deposit Wagering** by ODS Technologies, L.P. d/b/a TVG.
7. Discussion and action by the Board on **the Application for License to Conduct Advance Deposit Wagering** by Autotote Enterprises, Inc.
8. Discussion and action by the Board on the **license amendment for the Los Angeles Turf Club** to add the Kentucky Derby Future Wager to the pari-mutuel format.
9. Discussion and action by the Board on the **request of the Bay Meadows Operating Company** to retroactively amend its license for the Spring and Fall meets of 2001. The amendment would **designate the Bay Meadows Foundation as the charity days distributing agent**.

10. Discussion and action by the Board on the **request of the Hollywood Park Charities, Inc.**, to distribute **\$232,100** in charity proceeds to 40 beneficiaries.
11. Staff report on the following **concluded race meets**:
 - A. **Churchill Downs Fall Operating Company** at Hollywood Park from November 7, 2001 through December 17, 2001.
 - B. **Pacific Racing Association** at Golden Gate Fields from December 26, 2000 through December 17, 2001.
 - C. **Bay Meadows Operating Company** at Bay Meadows from April 4 through November 5, 2001.
 - D. **Los Alamitos Quarter Horse Racing Association** at Los Alamitos from January 5, 2001 through December 16, 2001.

Committee Reports

12. Report from the **Pari-mutuel Committee**
Vice Chairman Roger Licht, Committee Chairman
Chairman Alan Landsburg, Member

Other Business

13. **General Business:** Communications, reports, requests for future action of the Board.
14. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.
15. **Executive Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
 - A. Personnel.
 - B. Board may convene an Executive Session to consider any of the attached pending litigation.
 - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

CALIFORNIA HORSE RACING BOARD

Alan W. Landsburg, Chairman
Roger H. Licht, Vice Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
John C. Harris, Member
Marie G. Moretti, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director

CALIFORNIA HORSE RACING BOARD

**M e m o r a n d u m**

Date : January 10, 2002

To : **California Horse Racing Board**
Alan W. Landsburg, Chairman
Roger H. Licht, Vice-Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
John C. Harris, Member
Marie G. Moretti, Member
John C. Sperry, Member

From : C. M. Howell
Administrative Hearings Unit

Subject : PROPOSED DECISIONS SCHEDULED FOR ACTION-EXECUTIVE SESSION

ESPINOZA, Victor
SAC 01-050
Appellant

Appeal from Board of Stewards
Ruling #78, Del Mar Thoroughbred
Club, Dated September 5, 2001.

PERKINSON, C. C.
SAC 02-001
Applicant

Fitness for Licensure.

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PENDING LITIGATION
JANUARY 2002

CASE**CASE NUMBER**

DAVIES, A. v.
California Horse Racing Board

Contra Costa County Superior Court
No. C 98-01694

STOKES, LANCE W. v.
California Horse Racing Board

Los Angeles County Superior Court
No. BS 064741

MARTIN, JOHN v.
California Horse Racing Board

Sacramento County Superior Court
No. 98 SC00952

PLANO, RICHARD v.
California Horse Racing Board

Sacramento County Superior Court
No. 98 CS00909

SIEDELMAN, GARY v.
California Horse Racing Board

Sacramento County Superior Court
No. AS 03388

BAFFERT, BOB v.
California Horse Racing Board

U.S. District Court, Central District
of California Case No. 01-07363 DT

NELSON, KENNETH v.
Jon Buc, et al.

Alameda County Superior Court
No. 830888-7

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the University of California, Davis, **Kenneth L. Maddy Equine Analytical Chemistry Laboratory**, Davis, California, on **November 30, 2001**.

Present: Alan W. Landsburg, Chairman
 Roger H. Licht, Vice-Chairman
 William A. Bianco, Member
 Sheryl L. Granzella, Member
 John C. Harris, Member
 Marie G. Moretti, Member
 Roy C. Wood, Jr., Executive Director
 Thomas A. Blake, Deputy Attorney General

MINUTES

Chairman Landsburg enumerated corrections to the minutes of the Regular Board Meeting of October 19, 2001. Commissioner Moretti **motioned** to approve the minutes as corrected. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q) AT LOS ALAMITOS, COMMENCING DECEMBER 28, 2001 THROUGH DECEMBER 22, 2002, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Los Alamitos Quarter Horse Racing Association (LAQHRA) proposed to run 203 days for a total of 2,040 races. Ms. Wagner stated the first post time would be 7:15 p.m. Thursdays and Fridays, 6:30 p.m. Saturdays and 5:30 p.m. Sundays. The LAQHRA wagering program would utilize CHRB rules. Ms. Wagner said the horsemen's agreement had been received and staff recommended approval of the application conditioned upon the receipt of any missing items noted in the analysis. Rod Blonien representing LAQHRA said he wanted the Board to be aware that Attachment F of the horsemen's agreement stipulated that LAQHRA would take the harness signal contingent upon

the harness association paying an impact fee pursuant to the 1996 agreement. He stated the issue was before an administrative law judge. Commissioner Granzella **motioned** to approve the application for license to conduct a horse racing meeting of LAQHRA. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED REGULATORY AMENDMENT TO CHRB RULE 1467 – PAYMASTER OF PURSES, TO REQUIRE THE PAYMASTER TO DISBURSE 10% OF THE PURSE MONEY EARNED ON ANY THOROUGHBRED THAT FINISHES FIRST, SECOND, OR THIRD TO THE TRAINER OF THE HORSE.

Jacqueline Wagner, CHRB staff, said the amendment to Board Rule 1467, Paymaster of Purses, would require that 10% of the purse money earned by a horse that finished first, second or third at a thoroughbred race meeting be automatically deposited into the trainer's account. The amendment would allow a horse owner to opt-out of the program by submitting written notification to the paymaster. Ms. Wagner stated the rule had been noticed for the 45-day public comment period. No comments had been received. She said staff recommended the Board adopt the amendment as presented. Commissioner Harris asked how long an owner's opt-out statement would be in effect. Ms. Wagner said the owner would opt-out until they presented written notification to the paymaster that they wished to have the deduction from their purse winnings commence. Commissioner Harris asked if the fairs were considered one meeting. Jack Liebau of Magna Entertainment said some of the fairs had separate paymasters as they ran concurrently. Executive Director Roy Wood said the fairs would be considered individual meetings because there were different entities running each. John Van de Kamp of Thoroughbred Owners of California (TOC) said his organization was in favor of the amendment. He stated he believed the purpose of the opt-out form was to allow "one-stop

shopping” for owners. The form could be filled out for all racetracks in California at one time. Charles Dougherty of the California Thoroughbred Trainers said he would like to thank the Board, TOC and the racetracks for implementing the amendment. He stated that the trainers were looking forward to its implementation. Commissioner Bianco **motioned** to adopt the amendment to Board Rule 1467, Paymaster of Purses. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED REGULATORY AMENDMENT TO CHRB RULE 1691 – COLORS AND NUMBER, TO PERMIT ADVERTISING ON JOCKEY ATTIRE, OWNER SILKS AND TRACK SADDLE CLOTHS.

Jacqueline Wagner, CHRB staff, said the amendment to Board Rule 1691, Colors and Number, would allow advertising on jockeys’ attire, owner silks and racetrack saddle cloths. She stated the amendment was initially adopted by the Board in July 2001, but was subsequently disapproved by the Office of Administrative Law (OAL). In response to OAL recommendations, staff modified the language of the amendment and noticed it for an additional 15-day public comment period. Ms. Wagner said staff recommended the Board adopt the rule as presented. Barry Broad of the Jockeys’ Guild said his organization supported the amendment to Rule 1691. Mr. Broad presented a Jockeys’ Guild proposal to divert the first year’s advertising revenue to the Disabled Jockeys Endowment Fund. He stated that within horse racing there were a number of situations where money, which was in effect privately earned, was distributed based on a regulatory scheme. Chairman Landsburg asked if the Jockeys’ Guild was proposing that all revenue from all sources of advertising go to the fund. Mr. Broad said only the jockeys’ revenue would go to the fund. Chris McCarron of the Jockeys’ Guild spoke in favor of the Guild’s proposal. Vice-Chairman Licht asked how the

Guild funded its disability program. Mr. McCarron said the Guild conducted various fundraisers each year. He stated the fund used approximately 1.2 million dollars each year. The Guild hoped to raise 10 million dollars nationally to fund a trust that it hoped would generate sufficient income to take care of the disability issue permanently. Vice-Chairman Licht asked if the Guild's board had voted on the proposal. Mr. McCarron said it had not. He stated he had held conversations with other jockeys and found a mixed response to the proposal as it included non-guild members. Commissioner Harris said he believed workers' compensation was supposed to take care of the permanently disabled as well as those with temporary disabilities but the Guild's request showed its inadequacies. Mr. Broad said workers' compensation was supposed to help permanently disabled persons, but the system was inadequate. Commissioner Harris said he could see where supplemental programs were needed, but he did not know the situation with the Guild was so bad. Mr. Broad said that the workers' compensation insurance system was slow to deliver benefits, and if one were on the low end of the benefit level, one probably would not receive what one needed. Mr. McCarron said the migratory nature of horse racing contributed to the problem. There were only five states with workers' compensation for jockeys. He stated that he understood the regulation was for California, but he also understood that California often took the lead on such issues. In the eyes of jockeys nationally it would be very generous for California to adopt such a proposal. Commissioner Moretti asked what alternatives the Guild might employ if their proposal failed. Mr. Broad said that if a majority of licensed jockeys voted "no" the regulation would go into effect as it was presented. Vice-Chairman Licht said he did not think the proposal was feasible, as only the very top jockeys would participate in advertising revenue. Mr. McCarron said he realized the proposal was presented at the 11th hour, but he believed that once the jockeys

understood the situation, the Guild would be able to achieve a majority vote. Commissioner Harris said he would be more comfortable with a vote of two thirds. If it were a close vote the issue might cause division amongst the jockeys. He said he was concerned that there might not be very much advertising revenue, and asked if the Guild had a feel for the amount of money it was talking about. Mr. McCarron said he could not make projections, however, the Guild was going to enter into talks with the CEO of a major brand name who would rather see his money go to a philanthropic organization. Chairman Landsburg said he was sympathetic to the cause, but not to the creation of another regulation. If a majority of the jockeys wished to vote for the proposal why did the Guild need the Board to mandate it for the remainder? To insert the proposal into the rule there would be at least a two-month, or more, delay. Chairman Landsburg said he would like to see an opt-out provision if an owner, a jockey or the track did not like what was being advertised. He stated that he did not know if the rule allowed such give and take between the parties, but he would like to leave the idea open for discussion. Mr. Broad said he thought the market place would resolve such issues. He said the Guild agreed that there should be some form of disclosure regarding intent to advertise. Mr. Broad said the idea was that the owners, jockeys and tracks would go forward collectively and pursue common contracts regarding advertising that would generate the most revenue for everyone. He stated, however, that the parties should be able to opt-out. John Van de Kamp of Thoroughbred Owners of California (TOC) said he had conversations with a jockey who had experienced England's horse racing advertising. He said the jockey would inform all of his owners in advance regarding any advertising he planned. If there were any problems, he would not advertise. Mr. Van de Kamp commended the Jockeys' Guild for its initiative regarding its disability fund. He stated, however, that if the Board were to decide to adopt the Guild's

recommendation it would probably have to go out for another 45-day comment period. Mr. Van de Kamp said that the Guild might ask for an Attorney General's opinion regarding its proposal to determine if it were legal. He stated he could not speak for the TOC Board, but he was sure the owners would be supportive of any efforts to persuade California's jockeys to vote "yes". Commissioner Moretti asked if the Jockeys' Guild was willing to take another three months to see the amendment implemented with their proposal. Mr. Broad said that given the time frame and the potential legal issues, it might be better to adopt the amendment as presented and ask the Attorney General for an opinion. Commissioner Harris said it looked like the Jockeys' Guild needed more funds aimed at certain programs. He suggested that there could be other sources of funds. Perhaps the Guild needed to look at its total picture rather than delay the adoption of the amendment. Commissioner Moretti **motioned** to adopt the amendment to Board Rule 1691, Colors and Number. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED REGULATORY AMENDMENT TO CHRB RULE 1844 – AUTHORIZED MEDICATION, TO ADD CLENBUTEROL TO THE LIST OF AUTHORIZED MEDICATIONS THAT CAN BE PRESENT IN A POST RACE URINE TEST SAMPLE.

Jacqueline Wagner, CHRB staff, said the amendment to Board Rule 1844 would expand the list of authorized medications to include clenbuterol at a level not to exceed five nanograms per milliliter present in an official post race test sample. Ms. Wagner stated the amendment was noticed for the 45-day public comment period and no comments were received. She said staff recommended the Board adopt the amendment as presented. Commissioner Harris said the amendment was originally discussed at the August 2001 Medication Committee Meeting. The committee heard reports from Drs. Stanley and Baker of the University of California, Davis.

The doctors had conducted extensive research on clenbuterol and concluded that a test level of not more than five nanograms per milliliter would not enhance the performance of a horse, but would have therapeutic value in treating respiratory infections. Commissioner Harris **motioned** to adopt the amendment to Board Rule 1844, Authorized Medications. Vice-Chairman Licht **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED REGULATORY AMENDMENT TO RULE 1858 – TEST SAMPLE REQUIRED, TO ELIMINATE THE REQUIREMENT THAT EVERY HORSE CLAIMED IN A CLAIMING RACE BE TESTED; TO CHANGE THE REQUIREMENT THAT NINE ADDITIONAL HORSES SELECTED FROM THE RACING PROGRAM BE TESTED TO NOT LESS THAN SIX OR MORE THAN NINE HORSES; AND TO INCREASE THE GROSS PURSE AMOUNT FOR TESTING HORSES FINISHING SECOND OR THIRD IN A STAKES RACE FROM \$40,000 TO \$75,000.

Jacqueline Wagner, CHRB staff, said the amendment to Board Rule 1858, Test Sample Required, would eliminate the requirement that all claimed horses be tested. The amendment would raise the gross purse for testing winners of a stakes race from \$40,000 to \$75,000 and change the requirement that nine horses be randomly selected for testing to not less than six or more than nine horses. Ms. Wagner said the amendment was noticed for the 45-day public comment period and no comments were received. She stated staff recommended adoption of the amendment as presented. Commissioner Harris said the Medication Committee heard the amendment to Board Rule 1858 at the August 2001 committee meeting. He stated the committee felt it would be wise to reduce the number of horses tested in favor of more thorough testing. Commissioner Harris said the claimed horses were only having blood drawn for testing and were causing crowded conditions in the testing barn. He noted that horses would still be subject to random testing. Commissioner Harris said the increase in the stakes races was due to inflation. Jim Ghidella of the Thoroughbred Owners of California said the

amendment would raise the stakes purses above most stakes in Northern California. He stated that there were 21 \$55,000 overnight stakes at Golden Gate Fields, and the fairs only had two \$75,000 stakes races. Executive Director Roy Wood said the stewards would still have the discretion to designate winners of stakes races of under \$75,000 for testing. He stated that the Board would request that the stewards consider such horses for testing at Northern California meetings. Barry Broad of the Jockeys' Guild said the Guild was not opposing the amendment, however, it was always concerned when the trend was toward less testing. He stated he hoped the Board was not leaning towards less testing and more medication. Chairman Landsburg said the Board was seeing an increase in the accuracy of its testing. He stated that illegal drugs were more and more likely to be detected and that he was personally comfortable with the level of testing required in the amendment. Commissioner Harris **motioned** to adopt the amendment to Board Rule 1858, Test Sample Required. Vice-Chairman Landsburg **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED ADDITION OF ARTICLE 26, ADVANCE DEPOSIT WAGERING, WHICH CONTAINS RULES:

RULE 2070 – DEFINITIONS, PROVIDES THE DEFINITIONS FOR TERMS THAT ARE USED IN RULE 2071 THROUGH 2083 THAT GOVERN ADVANCE DEPOSIT WAGERING.

Jacqueline Wagner, CHRB staff, said Rule 2070, Definitions, would list the terms and their definitions that would be used in Rules 2071 through 2083. Greg Badovinac of the California Horse Racing Fans Committee suggested that subparagraph "J" be amended to read "credits means all positive inflow of money from a winning or refunded wager to an account." John Reagan, CHRB staff, said Mr. Badovinac had an interesting point, however, subparagraph "J" was not meant to be all-inclusive. Mr. Reagan said Rule 2079 also talked about refunds, and he

did not think the issue was serious enough to delay the adoption of Rule 2070 for an additional public comment period. Mr. Reagan added that the Board also had its standard pari-mutuel regulations that addressed cancelled races and refunds. Norm Towne representing Cal Expo and Solano County Fair said he thought there ought to be a definition of the term "calendar period" in the regulation. He stated he did not believe the term was defined in the law or the regulation. What would happen with advance deposit wagering if there was no live racing during a period of time? Executive Director Wood said the situation would have to be addressed in the agreements submitted to the Board. However if the term needed to be defined, it could be accomplished as an amendment to the regulations after they were in place. Vice-Chairman Licht **motioned** to adopt Rule 2070, Definitions. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

RULE 2071 – LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT, PROVIDES PROCEDURES AND CONDITIONS A CALIFORNIA APPLICANT MUST COMPLY WITH TO BE LICENSED TO CONDUCT ADVANCE DEPOSIT WAGERING; AND INCORPORATES BY REFERENCE CHRB-132 (NEW 9/01), APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING.

Jacqueline Wagner, CHRB staff, said Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, provided the guidelines and procedures that an applicant must comply with to be licensed to conduct advance deposit wagering in California. She said staff recommended the Board adopt the rule as presented. Greg Badovinac of the California Horse Racing Fans Committee encouraged the Board to amend the language in subparagraph "k" which stated that the Board had 90 calendar days to approve or deny an application. He said there was no requirement that the Board take action. Mr. Badovinac suggested the paragraph be amended to read that if the Board took no action, the application would be

deemed approved. He stated such an amendment would be consistent with regulations adopted by other California regulatory agencies. John Reagan, CHRB staff, said staff would be uncomfortable placing the Board in a position where an application was automatically approved after a given time. He stated the Board could respond to an application within the 90 days provided in the regulation. Vice-Chairman Licht said he thought Mr. Badovinac's comments were sound, however, they should be approached as an amendment after the regulations were implemented. Commissioner Bianco **motioned** to adopt Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

RULE 2072 – APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT, PROVIDES PROCEDURES AND CONDITIONS AN OUT-OF-STATE APPLICANT MUST BE IN COMPLIANCE WITH TO BE BOARD-APPROVED TO CONDUCT ADVANCE DEPOSIT WAGERING; AND INCORPORATES BY REFERENCE CHRB-133 (NEW 9/01), APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING.

Jacqueline Wagner, CHRB staff, said Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, provided the guidelines and procedures that an out-of-state applicant must comply with to be approved for operating advance deposit wagering. Ron Liccardo of the Pari-mutuel Employee's Guild Local 280 (Local 280) asked if the Board had received his letter. Chairman Landsburg acknowledge receipt of the letter and said part of the considerations within the license framework was the utilization of union employees and union labor agreements. He stated the licensing procedures before the Board were a pilot program that went beyond what many other states were doing and that the Board recognized labor's needs and wishes. Mr. Liccardo said there was the possibility that there would be no jobs for pari-mutuel employees within advance deposit wagering. If there were any positions, they

would be created out-of-state. He stated that was why he had written to the Governor's office with his suggestion that advance deposit wagering take place only in California where the Board had control. Chairman Landsburg said that to the extent that the Board would approve out-of-state hubs, it would have control. He stated it might not be easy to exert such control, but to comply with the law, out-of-state hubs had to be approved by the Board. Mr. Liccardo said his organization had spent a lot of time lobbying for advance deposit wagering in California. He stated Local 280 did not quite understand how advance deposit wagering would work in California and was recently discovering that there might not be anything positive for it in the new system. Mr. Liccardo said he hoped something could be salvaged for labor. Commissioner Harris said he could sympathize with labor's concerns, however, there might be some legal concerns regarding interstate commerce if a facility could only be located in California. Deputy Attorney General Thomas Blake said he was sure the issue was considered when the advance deposit wagering legislation was drafted. He said there were substantial issues with trying to restrict interstate commerce, and he believed the Legislature may have thought it was better to regulate something that was going to occur anyway than to have it occur out-of-state and not be able to regulate it. Mr. Liccardo said that having the entities in California did not mean the wagers would be placed in California. Chairman Landsburg said everyone was grasping for the same information that would be forthcoming. He stated that in the near future how and what could be accomplished would be much clearer. Commissioner Moretti **motioned** to adopt Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state applicant. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

RULE 2073 – OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT FOR ALL ENTITIES, PROVIDES PROCEDURES AND CONDITIONS FOR THE DAY-TO-DAY OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS.

Jacqueline Wagner, CHRB staff, said Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities, provided the procedures and conditions for the day-to-day operations of advance deposit wagering accounts. Tony Tramontano of the Santa Clara County Fair simulcast wagering facility asked how simulcast facilities fit into the scheme of advance deposit wagering. Chairman Landsburg said that advance deposit wagering entities, as long as they meet the requirements of the license, can be from within or outside the industry. Satellite wagering facilities could apply, but they would have to meet the requirements of the license. Mr. Tramontano asked if a satellite facility could affiliate with an existing hub and become part of its system. Jack Liebau of Magna Entertainment said that out of every advance deposit wager two percent ultimately goes to the satellite wagering facilities, so they were already participating under the law on each wager that was made. Mr. Liebau said that under the law each satellite facility had the right to take a wager and facilitate it through a hub and receive two percent of the wager. He stated that the purpose of the provision was so that an entity with an expanded menu of wagers did not have an advantage over satellite facilities. Commissioner Bianco **motioned** to adopt Rule 2073 – Operation of an Advance Deposit Wagering Account for all Entities. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

RULE 2074 – REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH A CALIFORNIA ENTITY, PROVIDES PROCEDURES AND CONDITIONS FOR A CALIFORNIA ENTITY TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT AND SPECIFIES THE INFORMATION REQUIRED OF AN INDIVIDUAL TO ESTABLISH AN ACCOUNT.

Jacqueline Wagner, CHRB staff, said Rule 2074, Requirements to Establish an advanced Deposit Wagering Account with a California Entity, provided the procedures and conditions for a California entity to establish an advance deposit wagering account. The rule also delineated the information an individual would have to provide to establish an account with the entity. Ms. Wagner said staff recommended adoption of the rule as presented. Commissioner Moretti **motioned** to adopt Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

RULE 2075 REQUIREMENTS TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH AN OUT-OF-STATE HUB, PROVIDES PROCEDURES AND CONDITIONS FOR AN OUT-OF-STATE HUB TO ESTABLISH AN ADVANCE DEPOSIT WAGERING ACCOUNT AND SPECIFIES THE INFORMATION TO ESTABLISH THE ACCOUNT.

Chairman Landsburg asked if there were any comments on the Rule. Commissioner Granzella **motioned** to adopt Rule 2075, Requirements to Establish an Advance Deposit Wagering Account With an out-of-state Hub. Vice-Chairman Licht **seconded** the motion, which was **unanimously carried**.

RULE 2076 – DEPOSITS TO AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES, PROVIDES PROCEDURES AND CONDITIONS FOR ACCOUNT HOLDERS TO MAKE A DEPOSIT TO THEIR ADVANCE DEPOSIT WAGERING ACCOUNT AND FOR THE ENTITY THAT ACCEPTS THE DEPOSIT.

Jacqueline Wagner, CHRB staff, said Rule 2076, Deposits to an Advance Deposit Wagering Account with all Entities, provided the conditions for account holders to make a deposit to their account and provided the conditions for the entity that accepted the deposit. Ms. Wagner stated staff recommended the Board adopt Rule 2076 as presented. Commissioner Harris **motioned** to adopt Rule 2076, Deposits to an Advance Deposit Wagering Account with all Entities. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

RULE 2077 – PLACING AN ADVANCE DEPOSIT WAGER WITH ALL ENTITIES, PROVIDES PROCEDURES AND CONDITIONS FOR PLACING AN ADVANCE DEPOSIT WAGER.

Jacqueline Wagner, CHRB staff, said Rule 2077, Placing an Advance Deposit Wager with all Entities, provided the conditions for placing a wager. Ms. Wagner stated staff recommended the Board adopt Rule 2077 as presented. Commissioner Granzella **motioned** to adopt Rule 2077, Placing an Advance Deposit Wager with all Entities. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

RULE 2078 – WITHDRAWALS FROM AN ADVANCE DEPOSIT WAGERING ACCOUNT WITH ALL ENTITIES, PROVIDES PROCEDURES AND CONDITIONS FOR THE WITHDRAWAL OF FUNDS FROM AN ADVANCE DEPOSIT WAGERING ACCOUNT.

Jacqueline Wagner, CHRB staff, said Rule 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities, provided the conditions for making withdrawals of funds from an account. Ms. Wagner stated staff recommended the Board adopt Rule 2078 as

presented. Commissioner Harris **motioned** to adopt Rule 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

RULE 2079 – CREDIT FOR WINNING WAGERS AND SCRATCHED ENTRIES, PROVIDES PROCEDURES AND CONDITIONS FOR THE POSTING OF A CREDIT FOR A WINNING WAGER AND A CREDIT FOR A SCRATCHED ENTRY.

Jacqueline Wagner, CHRB staff, said Rule 2079, Credit for Winning Wagers and Scratched Entries, provided the conditions for the posting of a credit of a winning wager and a credit for a scratched entry. Ms. Wagner stated staff recommended the Board adopt Rule 2079 as presented. Greg Badovinac of the California Horse Racing Fans Committee said he would recommend amending the rule to include cancellation of wagers due to inclement weather or unsafe racing conditions. John Reagan, CHRB staff, said Board Rule 1544, Calling Off Race, addressed Mr. Badovinac's concerns. Deputy Attorney General Thomas Blake said that if future experience with the issue proved the rule ambiguous, it could be amended. Commissioner Moretti **motioned** to adopt Rule 2079, Credit for Winning Wagers and Scratched Entries. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

RULE 2080 – PROCEEDS FROM A DECEASED ACCOUNT HOLDER, PROVIDES PROCEDURES AND CONDITIONS FOR THE RELEASE OF FUNDS IN AN ADVANCE DEPOSIT WAGERING ACCOUNT WHEN THE ACCOUNT HOLDER IS DECEASED.

Jacqueline Wagner, CHRB staff, said Rule 2080, Proceeds from a Deceased Account Holder, provided the conditions for the release of funds when an account holder was deceased. Ms. Wagner stated staff recommended the Board adopt Rule 2080 as presented. Commissioner

Moretti **motioned** to adopt Rule 2080, Proceeds from a Deceased Account Holder. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

RULE 2081 – MARKET ACCESS FEE FOR WAGERS PLACED BY A CALIFORNIA RESIDENT, PROVIDES PROCEDURES AND CONDITIONS FOR THE MARKET ACCESS FEES WHEN A CALIFORNIA RESIDENT PLACES AN ADVANCE DEPOSIT WAGER; AND SPECIFIES THE WAGERING DETAILS THAT ARE REQUIRED TO BE INCLUDED IN THE DAILY DOWNLOADS TO THE PARI-MUTUAL DATABASE.

Jacqueline Wagner, CHRB staff, said Rule 2081, Market Access Fee for Wagers Placed by a California Resident, provided the procedures and conditions for market access fees when a California resident placed an advance deposit wager. Ms. Wagner stated staff recommended the Board adopt Rule 2081 as presented. Vice-Chairman Licht **motioned** to adopt Rule 2081, Market Access Fee for Wagers Placed by a California Resident. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

RULE 2082 – INTEREST BEARING ACCOUNTS, SPECIFIES THE FIRST \$250,000 OF INTEREST EARNED ON CALIFORNIA RESIDENTS' ADVANCE DEPOSIT WAGERING ACCOUNT SHALL BE SPLIT BETWEEN THE CORRESPONDING HORSEMEN'S WELFARE FUND AND THE BACKSTRETCH PENSION PLAN AND TRANSFERRED ANNUALLY; AND ANY INTEREST IN EXCESS OF \$250,000 SHALL BE TRANSFERRED ANNUALLY TO HORSEMEN'S PURSES.

Jacqueline Wagner, CHRB staff, said Rule 2082, Interest Bearing Accounts, provided that the first \$250,000 of interest earned on California residents' advance deposit wagering account be split between the Horsemen's Welfare Fund and the Backstretch Pension Fund and that the money be transferred annually. Ms. Wagner stated staff recommended the Board adopt Rule 2082 as presented. Greg Badovinac of the California Horse Racing Fans Committee said the law did not address what happened to the interest earned on the money in an advance deposit

wagering account. He stated that he saw no authority for the Board to mandate that such money be distributed to the funds in Rule 2082. Mr. Badovinac suggested that the Board consider making such monies the subject of the negotiated contracts between the California racing associations and the account wagering entities. Mr. Badovinac encouraged the Board to reject Rule 2082. Vice-Chairman Licht said it would be almost impossible for the industry to give the account holders interest, so the regulation was proposed to benefit the industry as a whole with money that would otherwise go directly to the provider without benefit to the account holder. Mr. Badovinac said that if the entity that was holding the money had the stream of revenue, the likelihood of an increase in the per-bet fee or the account maintenance fee was decreased. Commissioner Harris said he believed there was a precedent. He asked where the money from un-cashed vouchers went. John Reagan, CHRB staff, said the money from un-cashed vouchers went to CHRIMS. Executive Director Roy Wood asked if Mr. Badovinac was advocating that the interest go to the account holder. Mr. Badovinac said he was not. He stated he was advocating that the internal procedures of the entity address the allocation of such funds. Chairman Landsburg said he appreciated Mr. Badovinac's comments. He stated that the Board was on a course that could or could not be delayed, and it wanted comments that would strengthen its proposals. If Mr. Badovinac's comments were that the Board should not adopt the regulation, then there was unwillingness on the part of the Board to take away a potential source of goodwill to satisfy him. Chairman Landsburg said that in some respects he agreed with Mr. Badovinac, but the Board was in uncharted territory and needed to move willfully forward to accomplish its goals. Cliff Goodrich of the California Thoroughbred Horsemen's Foundation said he believed Chairman Landsburg stated the case well. The allocation of the interest was a goodwill gesture. He stated that the horse racing law had many

instances where monies that might belong to the public were distributed to the benefit of various horse racing programs. Mr. Goodrich said that he was sure there were many people who would like to receive a piece of the advance deposit wagering monies, but there was only one objection to the rule before the Board and that needed to be taken in perspective. He stated that the money was important to his organization, and the proposed distribution was consistent with horse racing law. Commissioner Moretti **motioned** to adopt Rule 2082, Interest Bearing Accounts. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

RULE 2083 – ADVANCE DEPOSIT WAGERING PROHIBITED, SPECIFIES THAT AN INDIVIDUAL PROHIBITED FROM WAGERING UNDER RULE 1969, WAGERING PROHIBITED, IS ALSO PROHIBITED FROM PLACING AN ADVANCE DEPOSIT WAGER WHILE ON DUTY AT A RACE MEETING, SIMULCAST WAGERING FACILITY OR A CALIFORNIA ADVANCE DEPOSIT WAGERING FACILITY; AND PROHIBITS INDIVIDUALS WORKING AT AN OUT-OF-STATE HUB FROM PLACING AN ADVANCE DEPOSIT WAGER WHILE ON DUTY.

Jacqueline Wagner, CHRB staff, said Rule 2083, Advance Deposit Wagering Prohibited, would prohibit those persons prohibited from making a wager under Board Rule 1969, Wagering Prohibited, from making a wager while on duty. Ms. Wagner stated staff recommended the Board adopt Rule 2083 as presented. Commissioner Moretti **motioned** to adopt Rule 2083, Advance Deposit Wagering Prohibited. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REPORT FROM THE SCOTWINC OFF-SITE STABLING AND VANNING FUND COMMITTEE CONCERNING THE STATUS OF SAN LUIS REY DOWNS.

John Van de Kamp on behalf of the stabling and vanning committee of SCOTWINC said that on November 8, 2001, the committee voted to extend the payment of the four dollar increase in

stall rent for the San Luis Rey Downs (SLRD) horsemen from December 31, 2001 to April 30, 2002. The Committee also agreed that effective December 26, 2001, it would reimburse horsemen four dollars per day per stall for 435 stalls rather than the actual number of stalls on the grounds. Mr. Van de Kamp said that meant that if the horsemen had 350 stalls they would still be paid the same amount as if they had 500 stalls. The committee believed that at 435 stalls times the daily rate; the horsemen would at least break even. Mr. Van de Kamp said the committee would also continue paying the starter fees to owners whose horses were stabled at SLRD until April 30, 2002. Additionally, the Fairplex contract would end April 30, 2002. No decisions had been made by the committee regarding what would happen after April 30, 2002. Mr. Van de Kamp commented that in Southern California there were close to 1,100 empty stalls daily among the four facilities, yet the committee seemed to be paying more for off-track stabling with fewer horses starting. He stated that there was a movement to reduce the amount of money that was being paid out, and at the same time find equitable treatment for Fairplex and SLRD. Mr. Van de Kamp said his committee was looking at a range of options to present to SCOTWINC. He stated that he did not believe there would be a report until late January 2002, and suggested the item be put over until February 2002. Laura Rosier of the SLRD horsemen's organization presented a chart that compared Fairplex and SLRD during the Oak Tree meeting. She said she did not like to compare the facilities, as it was not an issue between Fairplex and SLRD. Ms. Rosier stated that she thought all subsidized facilities should be considered and that those in charge of the funding should be mindful of how the money was distributed and used. Chairman Landsburg said he did not believe the Board wished to continue what was an inequitable situation. He stated that the Board had a logical procedure in front of it that would bring all the facts to bear at once, and if the SLRD horsemen could be

patient the issues would be much closer to adjudication in February 2002. He stated he could not predict the outcome, but the Board was in the process of considering a number of weighty issues. Ms. Rosier said she was not really comfortable with waiting until February as she thought SCOTWINC would request additional funding before then. She stated that she understood that if a rate increase were not achieved soon, the problems at SLRD would drag on for another year. The horsemen at SLRD were living with uncertainty and stress and wanted a resolution of the issue. She said that each month thousands of dollars were coming out of the SLRD horsemen's pockets while their competitors were not having to pay anything, so it was hard to be patient. Ms. Rosier emphasized that the SLRD horsemen did not want to cause conflict, but there were those who were growing impatient. Chairman Landsburg said that if the SLRD horsemen wished to bring a higher profile to the issue they were free to take any action. However, with a resolution so near, it might be counter productive. Chairman Landsburg said he did not believe the Board could take an immediate action. He reminded Ms. Rosier that the Board did not totally control the SCOTWINC fund, but it would make every effort to help.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC., TO ADJUST THE OFF-SITE STABLING AND VANNING TAKEOUT PERCENTAGE.

John Reagan, CHRB staff, said the Southern California Off-Track Wagering, Inc. (SCOTWINC) Stabling and Vanning Fund was making an annual adjustment to make sure that revenues and expenses were within the legal limit for the 10 percent reserve base. Mr. Reagan said SCOTWINC was asking for an increase from .60 to .74 percent. He stated the request was reasonable based on SCOTWINC's new expenses. Mr. Reagan said staff recommended the

Board approve the request. Commissioner Harris asked if SCOTWINC would not receive funds from advance deposit wagering. Mr. Reagan said they would not. Chairman Landsburg announced that Al Karwacki, the head of SCOTWINC, was retiring. He stated the Board applauded Mr. Karwacki's work in the past, and wished him the best in his retirement. Commissioner Granzella **motioned** to approve the request of the SCOTWINC to adjust the off-site stabling and vanning take-out percentage. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE NORTHERN CALIFORNIA OFF-TRACK WAGERING, INC., TO ADJUST THE OFF-SITE STABLING AND VANNING TAKEOUT PERCENTAGE.

Chairman Landsburg announced that the item had been withdrawn from the agenda.

REPORT FROM THE STAFF OF THE UNIVERSITY OF CALIFORNIA, DAVIS, SCHOOL OF VETERINARY MEDICINE ON THE EQUINE POST MORTEM PROGRAM.

Dr. Alex Ardans, Director of the California Animal Food and Health Safety Laboratory at the University of California, Davis, spoke about the Kenneth L. Maddy Equine Analytical Chemistry Laboratory and made a slide presentation as a review of the postmortem program. Dr. Ardans introduced Dr. Susan Stover who talked about her work in the post mortem program. At the conclusion of her presentation, Dr. Stover extended an invitation to tour the facility.

REPORT AND UPDATE ON THE **TOE GRAB STUDY**, CONDUCTED BY THE UNIVERSITY OF CALIFORNIA, DAVIS, CENTER FOR EQUINE HEALTH.

A. DISCUSSION AND ACTION BY THE BOARD ON THE PROPOSED ADDITION OF RULE 1690.1 – FRONT TOE GRABS PROHIBITED, TO BAN THE USE OF FRONT TOE GRABS ON THOROUGHBREDS THAT RACE IN CALIFORNIA.

Dr. Susan Stover of the University of California, Davis, said the findings of the earlier study relative to toe-grab risk were drawn from horses that died. That made it difficult to directly extrapolate the findings to the entire racehorse population. Dr. Stover said for that reason a new study was initiated. The new study looked at horseshoe characteristics of all horses that raced at major Southern and Northern California racetracks. The study began in June 2000; however, changes were made to the protocols, so the official study began in October 2000. Dr. Stover said the first part of the study had just been completed with data on 7,000 horses and 4,000 races. The data included toe-grabs, heel track devices, toes, rim and other factors about horseshoes. Dr. Stover stated the data would be collected until October 2002. She said the goals of the study extended beyond whether toe-grabs affect the risk of injury and lay-up. The study would also look at the possibility of regional differences, racetrack surface, and training history. Dr. Stover said they were unable to look at the data, as racing records could not be obtained until October 2002. It would take up to a year to analyze the data at the end of the collection period. Commissioner Moretti thanked Dr. Stover for her presentation. She said the talk was enlightening and spoke about the history of the toe-grab study for the benefit of the new Board members. Commissioner Moretti commented that the data indicated toe-grabs were not the best thing for horses – at least at the level they were currently being used, but she was concerned that if the Board banned them it would be a disservice to the University and to the industry. Commissioner Moretti said that with the data confirmed and in hand the Board would be doing a greater service to others. Commissioner Harris said he wanted the issue of banning

toe-grabs placed on the agenda to start a discussion. He stated his intent was not to jeopardize the study. The Board was the custodian of the horses, and all the data collected to date indicated that front toe-grabs were detrimental. Commissioner Harris said that if the Board were to adopt a rule, it would not go into effect until the beginning of the Del Mar meeting. Chairman Landsburg asked how banning toe-grabs would affect the study. Dr. Greg Ferraro, director of the Center for Equine Health, said there were two factors to consider. The study would observe horses through October 2002. If there were a rule implemented prior to that date it would have an obvious effect. The other, subtler factor was that many trainers had already made adjustments to horseshoes and were racing with rims. He stated that the study was currently fortunate to be able to compare no toe-grab shoes to toe-grab shoes. If there were a change in the middle of the study it could skew the results. Vice-Chairman Licht said he had a problem with a rule banning toe-grabs. He stated it was the trainer's and owner's right to make decisions regarding which shoes they would use. Vice-Chairman Licht said that from what he understood the data was not yet conclusive. The horses that tended to have toe-grabs were the horses that were further along in their training, and the horses that were further along in their training tended to have suspensor injury. Commissioner Moretti said that in 1999 the issue was discussed and it was felt that there was not conclusive evidence that toe-grabs were the single contributing factor to such injuries. The study indicated that toe-grabs were a serious problem, but perhaps not the only factor. The Board decided to conduct an additional, more thorough study to make a decision based on fact and not on supposition. Commissioner Moretti stated that the University did not have a recommendation or an agenda, it was only collecting data in the most scientific manner possible. It was up to the industry to decide what it wanted to do about the issue. Commissioner Moretti said that the data would not stand up to

scientific scrutiny if it was not published, and that took time. Chairman Landsburg asked how long it would take to publish the data after the completion of the study. Dr. Stover said it would take one year. John Van de Kamp of Thoroughbred Owners of California (TOC) said he shared Commissioner Harris's concerns. He stated that there were strong views on both sides of the issue. Mr. Van de Kamp said he believed the results of the study needed to be very persuasive to bring trainers to the point where toe-grabs were eliminated or at least modified. He stated that trainers were moving from high to lower toe-grabs, and he hoped the trend continued. Mr. Van de Kamp suggested that a Medication Committee meeting be scheduled in Southern California where the evidence could be presented for discussion. He stated that the issue would be divisive amongst trainers, but at least the Board would let them know it was conducting the study in a scientific manner. Perhaps some of them would realize that changing their methods would be in the best interest of their horses. Charles Dougherty of the California Thoroughbred Trainers (CTT) said his organization supported the study. He said he believed trainers were very aware of the study and were anxiously awaiting the results. Mr. Dougherty said the CTT would like to see the study run its course, and if it determined that toe-grabs were indeed detrimental to horses, the CTT would be 100% behind a ban. Commissioner Harris asked if there was a party that held the belief that toe-grabs were healthy for horses. He stated it bothered him that there was evidence to the contrary, yet there were strong sentiments against banning them. Mr. Van de Kamp said some trainers believed that toe-grabs kept their horses from slipping on the track. Commissioner Harris said the trainers should be encouraged to conduct a study that supported their theory. He stated that hard evidence supporting what the trainers believed to be true needed to be presented if they wished to contradict the results of the University's data. Mr. Dougherty said that the University was providing the evidence.

Commissioner Harris said he was concerned that regardless of how many studies the University conducted some trainers would still believe toe-grabs were essential. Mr. Dougherty said that the first study used only dead horses. The current study was observing the day-to-day, racetrack-to-racetrack conditions and was getting a feel of the running horses. Commissioner Harris asked if the CTT had involved the trainers who disputed the first findings in the current study. Mr. Dougherty said the trainers were very aware of the study. As one's horse came into the receiving barn, the observers were there. Chairman Landsburg asked if the CTT could help by promulgating a questionnaire regarding a trainer's use of and attitude towards toe-grabs. Mr. Dougherty said he would bring the issue to his board. Chairman Landsburg **motioned** to table the issue until a later date when a rule could be considered. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

STAFF REPORT ON THE FOLLOWING **CONCLUDED RACE MEETS**:

- A **OAK TREE RACING ASSOCIATION AT SANTA ANITA FROM SEPTEMBER 26 THROUGH NOVEMBER 5, 2001.**
 - B. **FRESNO DISTRICT FAIR AT FRESNO FROM OCTOBER 3 THROUGH OCTOBER 14, 2001.**
-

John Reagan, CHRB staff, said the meetings had modest increases in the handle and decreases in attendance. He stated he was available for questions. Vice-Chairman Licht said he attended the Fresno District Fair as a guest of Commissioner Harris and was impressed by the way those in attendance were taken care of. He stated that Fresno's attention to their fans could be model for some of the other tracks regarding encouraging younger, more affluent people to attend the races.

REPORT FROM THE STEWARDS' COMMITTEE

Commissioner Bianco said the committee held a meeting in Los Angeles on November 13, 2001. Commissioner Bianco said it was the first meeting held by the Stewards' Committee in several years so he and Commissioner Granzella used it to become acquainted with the stewards. Commissioner Bianco said they discussed the problems the stewards were facing and what the committee might do to help.

MEETING ADJOURNED AT 1:30 P.M.

ITEM 2

STAFF ANALYSIS

January 24, 2002

ISSUE: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF CAPITOL RACING LLC AT CAL EXPO FROM MARCH 1, 2002 THROUGH JULY 27, 2002.

Capitol Racing LLC filed its application for license to conduct a harness horse racing meeting at Cal Expo:

- March 1 through July 27, 2002. The association proposes to race 90 nights with 1,095 races, or 11.7 races per night. If sufficient horses are available, the association requests to race 3 additional days, July 10, 17 and 24 for a total of 93 nights.

March - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

- Racing 5 nights per week, Wednesday through Sunday in March and April and 4 night per week, Wednesday through Saturday in May through July. Up to 15 live races per night.
 - 12 simulcast races Wednesdays and 6 simulcast races Thursday through Sunday.
 - Racing Monday, May 26.
 - No racing Sunday, March 31, Wednesday, May 29 and Thursday, July 4.
- First live post 5:35 p.m. daily.
 - First simulcast post 4:50 p.m. Wednesday through Friday, 5:08 p.m. Saturday, 5:10 p.m. Sunday and 1:00 p.m. July 27, Breeder's Crown.
- Request Carl Sobey be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety requirements have been fulfilled.

- Wagering program will use CHRB rules.
 - Early wagering 11:00 a.m. to 5:00 p.m. before each night of racing.
 - Request approval to add a \$1 CHRB superfecta in last race if 10 or more races, CHRB select four if at least 13 races, \$1 ARCI double depending upon the number of races each specific night.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

Specific information **still needed** to complete this application includes:

1. Fire clearance.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the additional information necessary to conduct the racing meeting.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev. 7/01)

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

- A. Name, mailing address, telephone and fax numbers of association:

Capitol Racing LLC (916) 263-7893
Calif. State Fair & Exposition (916) 263-7887
1600 Exposition Blvd.
Gate 12; Bldg T-2
Sacramento, CA 95825 **P.O. Box 255069**
Sacramento, CA 95865

- B. Breed of horse: ☐ TB ☐ QH ☒ H

- C. Racetrack name: *Cal-Expo Race Course*

- D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490.

NOTICE TO APPLICANT Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

- A. Inclusive dates for the entire meeting: *March 1, 2002 thru July 27, 2002*

- B. Actual dates racing will be held: *See attached Schedule I*

- C. Total number of days or nights of racing: *90 + 3***
*(**if sufficient horses available)*

- D. Days or nights of the week races will be held:
☐ Wed - Sun ☐ Tues - Sat ☒ Other (specify)

See attached Schedule I

8. Number of days or nights of racing per week:

See attached Schedule I






















CHRB CERTIFICATION



















Application received: *11/28/01*
Deposit received: *on file*
Reviewed: *PN*
















Hearing date: *1/24/02*
Approved date:
License number:


















CAPITOL RACING AT CAL-EXPO
SPRING/SUMMER RACE MEET
March 1, 2002 thru July 27, 2002
















Schedule I

MARCH 2002				
Wed	Thur	Fri	Sat	Sun
		Opening Night 1 	2 	3 
6 	7 	8 	9 	10 
13 	14 	15 	16 	17 
20 	21 	22 	23 	24 
27 	28 	29 	30 	31 Easter Sunday No Racing

APRIL 2002				
Wed	Thur	Fri	Sat	Sun
3 	4 	5 	6 	7 Daylight Savings Begins 
10 	11 	12 	13 	14 
17 	18 	19 	20 	21 
24 	25 	26 	27 	28 

MAY 2002			
Wed	Thur	Fri	Sat
1 	2 	3 	4 
8 	9 	10 	11 
15 	16 	17 	18 
22 	23 	24 	25 
Special Sunday Holiday Racing 26 29 No Wednesday Racing	30 	31 	

JUNE 2002			
Wed	Thur	Fri	Sat
			1 
5 	6 	7 	8 
12 	13 	14 	15 
19 	20 	21 	22 
26 	27 	28 	29 

JULY 2002			
Wed	Thur	Fri	Sat
3 	July 4th No Racing	5 	6 
10 	11 	12 	13 
17 	18 	19 	20 
24 	25 	26 	Closing Night 27 Breeder's Crown 

Schedule for Spring/Summer Race Meet:
22 Weeks of night harness racing;
90 Nights of programmed racing;
3 Additional nights if sufficient horses available.

3. RACING PROGRAM

- A. Total number of races: 1095
- B. Number of races for each day or night: *Up to 15 live races per program.*
- C. Total number of stakes races: 32
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses.
Forthcoming as addendum to Horsemen's Agreement.
- E. Will provisions be made for owners and trainers to use their own registered colors?
☒ Yes ☐ No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

See attached Schedule II

NOTICE TO APPLICANT Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: ☐ Corporation (complete subsection C)
☒ LLC (complete subsection D)
☐ Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. *On file at Board Office.*
- C. CORPORATION
1. Registered name of the corporation:
 2. State where incorporated:
 3. Registry or file number for the corporation:
 4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
 5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

Capitol Racing at Cal-Expo

March 1 thru July 27, 2002

Schedule of Stakes & Late Closing Events

Conditions for Series:

- (1) Series 1 thru 7, 5-Year-Olds & under as of 1/1/02.
- (2) Series 1 thru 7, eligibility for money earnings as of 1/1/02.
- (3) Series 1 thru 8, must have a minimum of eight (8) betting interests.
- (4) Series 1 thru 8, to be contested in an Elimination & Final format.
- (5) Series 1 thru 8, if at least eight (8) betting interests but less than thirteen (13), there will be a Final only.
- (6) Series 1 thru 8, if Elimination races are conducted, the Final will be limited to ten (10) participants.
- (7) Series 1 thru 8, if 2 Eliminations, then the top 5 finishers advance to the Final.
If 3 Eliminations, then the top 3 finishers from each Elimination, plus
1 fourth-place finisher by lot will advance to the Final.
If 4 Eliminations, then the top 2 finishers from each Elimination race, plus
2 third-place finishers by lot will advance to the Final.
If 5 Eliminations, then the top 2 finishers from each Elimination advance
to the Final.
- (8) Series 1 thru 8, there will not be a Nomination date or Nomination Fee.
- (9) Series 1 thru 7, Entry Fee \$100 for all Eliminations, Entry Fee \$300 in all Finals;
Series #8, Entry Fee \$200 for all Eliminations, Entry Fee \$300 in all Finals.

★ ★ ★

Racing Office: P.O. Box 254767, Sacramento, CA 95865; (916) 263-3617; FAX (916) 263-6134

Capitol Racing at Cal-Expo -- Late Closing Events for 2002

Page 2

Series #1 - The Nob Hill Pacing Series

For Cal-Bred Fillies & Mares; 5-Year-Olds & Under in 2002 that are NW 2 Races or \$10,000 lifetime as of 1/1/02.

Elimination- Feb. 16, 2002; Purse \$4,000; Entry Fee \$100.

Final - Feb. 23, 2002; Purse \$12,500 Added; Entry Fee \$300.

Series #2 - The Cable Car Pacing Series

For Cal-Bred Colts & Geldings; 5-Year-Olds & Under in 2002 that are NW 2 Races or \$10,000 lifetime as of 1/1/02.

Elimination- Feb. 17, 2002; Purse \$4,000; Entry Fee \$100.

Final - Feb. 24, 2002; Purse \$12,500 Added; Entry Fee \$300.

Series #3 - The Presidio Pacing Series

For Fillies & Mares; 5-Year-Olds & Under in 2002 that are NW 2 Races or \$10,000 lifetime as of 1/1/02 (Cal-Bred Fillies & Mares, 5YO's & Under that are NW 4 Races or \$20,000 lifetime as of 1/1/02).

Elimination- March 1, 2002; Purse \$4,000; Entry Fee \$100.

Final - March 8, 2002; Purse \$15,000 Added; Entry Fee \$300.

Series #4 - The Golden Gate Pacing Series

For 5-Year-Olds & Under in 2002 that are NW 2 Races or \$10,000 lifetime as of 1/1/02 (Cal-Breds, 5YO's & Under that are NW 4 Races or \$20,000 lifetime as of 1/1/02).

Elimination- March 2, 2002; Purse \$4,000.; Entry Fee \$100.

Final - March 9, 2002; Purse \$15,000 Added; Entry Fee \$300.

Series #5 - The Silicon Valley Pacing Series

For Fillies & Mares; 5-Year-Olds & Under in 2002 that are NW 5 Races or \$25,000 lifetime as of 1/1/02 (Cal-Bred Fillies & Mares, 5YO's & Under that are NW 10 Races or \$50,000 lifetime as of 1/1/02).

Elimination- March 29, 2002; Purse \$5,000; Entry Fee \$100.

Final - April 5, 2002; Purse \$25,000 Added; Entry Fee \$300.

Series #6 - The Mendocino County Pacing Series

For 5-Year-Olds & Under in 2002 that are NW 5 Races or \$25,000 lifetime as of 1/1/02 (Cal-Breds, 5YO's & Under that are NW 10 Races or \$50,000 lifetime as of 1/1/02).

Elimination- April 13, 2002; Purse \$5,000; Entry Fee \$100.

Final - April 20, 2002; Purse \$25,000 Added; Entry Fee \$300.

Series #7 - The Monterey Bay Trotting Series

For 5-Year-Olds & Under in 2002 that are NW 6 PM Races or \$30,000 lifetime as of 1/1/02 (Cal-Breds, 5YO's & Under that are NW 8 PM Races or \$40,000 lifetime as of 1/1/02).

Elimination- May 24, 2002; Purse \$5,000; Entry Fee \$100.

Final - May 31, 2002; Purse \$20,000 Added; Entry Fee \$300.

Series #8 - The Golden Bear Pacing Series

For Cal-Breds; Free-For-All.

Elimination- July 20, 2002; Purse \$8,000; Entry Fee \$200.

Final - July 27, 2002; Purse \$30,000 Added; Entry Fee \$300.

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Sires Stakes & Gold Series Events for Eligible Cal-Breds

Page 3

3-Year-Olds in 2002

March 13, 2002; Wednesday; Colt & Gelding Trot; \$15,000A Calif. Gold Event #2.

March 14, 2002; Thursday; Filly Trot; \$15,000A Calif. Gold Event #2.

March 15, 2002; Friday; Filly Pace; \$15,000A Calif. Gold Event #2.

March 16, 2002; Saturday; Colt & Gelding Pace; \$15,000A Calif. Gold Event #2.

April 24, 2002; Wednesday; Colt & Gelding Trot; \$22,500 Sires Stake.

April 25, 2002; Thursday; Filly Trot; \$22,500 Sires Stake.

April 26, 2002; Friday; Filly Pace; \$22,500 Sires Stake.

April 27, 2002; Saturday; Colt & Gelding Pace; \$22,500 Sires Stake.

May 8, 2002; Wednesday; Colt & Gelding Trot; \$22,500 Sires Stake

May 9, 2002; Thursday; Filly Trot; \$22,500 Sires Stake.

May 10, 2002; Friday; Filly Pace; \$22,500 Sires Stake.

May 11, 2002; Saturday; Colt & Gelding Pace; \$22,500 Sires Stake.

June 5, 2002; Wednesday; Colt & Gelding Trot; \$22,500 Sires Stake.

June 6, 2002; Thursday; Filly Trot; \$22,500 Sires Stake.

June 7, 2002; Friday; Filly Pace; \$22,500 Sires Stake.

June 8, 2002; Saturday; Colt & Gelding Pace; \$22,500 Sires Stake.

June 19, 2002; Wednesday; Colt & Gelding Trot; \$22,500 Sires Stake.

June 20, 2002; Thursday; Filly Trot; \$22,500 Sires Stake.

June 21, 2002; Friday; Filly Pace; \$22,500 Sires Stake.

June 22, 2002; Saturday; Colt & Gelding Pace; \$22,500 Sires Stake.

In addition, a Committee of C.H.H.A. Board Members has been charged with the responsibility of designing a "Three-Year-Old Championship" for Cal-bred 3YO's that will be contested toward the end of this upcoming race meet. Specifics about this event will be forthcoming once approved by the C.H.H.A. Board of Directors and Capitol Racing. This event will be an overnight event with the purpose of augmenting the Sires Stakes and Gold Series programs.

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Schedule II
POST TIMES FOR PROPOSED DAILY RACING PROGRAM

	<u>Wednesdays</u>	<u>Thursdays</u>	<u>Fridays</u>	<u>Saturday</u>	<u>Sunday</u>
Race #1	5:35 p.m.	5:35 p.m.	5:35 p.m.	5:35 p.m.	5:35 p.m.
Race #2	5:54	5:54	5:58	5:55	5:56
Race #3	6:13	6:13	6:22	6:18	6:17
Race #4	6:32	6:33	6:44	6:44	6:38
Race #5	6:52	6:58	7:06	7:09	6:59
Race #6	7:13	7:25	7:29	7:35	7:20
Race #7	7:34	7:51	7:54	8:00	7:41
Race #8	7:55	8:17	8:19	8:25	8:03
Race #9	8:16	8:42	8:44	8:50	8:25
Race #10	8:37	9:07	9:09	9:15	8:47
Race #11	8:58	9:32	9:34	9:40	9:09
Race #12	9:18	9:57	9:59	10:05	9:30
Race #13	9:38	10:18	10:24	10:30	9:50
Race #14	9:58	10:38	10:49	10:55	10:09
Race #15	10:18	10:58	11:12	11:16	10:28

	Breeder's Crown Saturday					
Import #1	4:50 p.m.	4:50 p.m.	4:50 p.m.	5:08 p.m.	5:10 p.m.	1:00 p.m.
Import #2	5:08	5:09	5:09	5:27	5:30	1:25
Import #3	5:26	5:26	5:28	5:48	5:50	1:50
Import #4	5:45	6:02	5:47	6:05	6:10	2:15
Import #5	6:04	6:23	9:07	9:09	6:30	2:45
Import #6	6:23	6:44	9:28	9:30	6:50	3:15
Import #7	7:03	---	---	---	---	3:45
Import #8	7:24	---	---	---	---	4:15
Import #9	7:45	---	---	---	---	4:40
Import #10	8:06	---	---	---	---	5:05
Import #11	8:27	---	---	---	---	5:30
Import #12	8:48	---	---	---	---	5:55 & 6:18

6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

D. LLC

1. Registered name of the LLC: *Capitol Racing LLC*
2. State where articles of organization are filed: *California*
3. Registry or file number for the LLC: *101997051009*
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
Stephen A. Bieri – President
Barbara J. Bieri – Secretary & Treasurer
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
None
6. Are the shares listed for public trading? ☐ Yes ☒ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
N/A
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
On file at Board Office

E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

F. Management and Staff

9. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

Alan Horowitz..... General Manager
John Matijasic..... Director of Marketing
Chris Schick.....Director of Simulcasting
Richard May..... Parimutuel Manager
J.R. Williams..... Track Superintendent
Richard Colby..... Director of Media Relations
Marty Bridges..... Program Director

10. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

Alan Horowitz, General Manager

5. PURSE PROGRAM

A. Estimated purse distribution:

1. All races other than stakes: \$5,040,000.
2. Overnight stakes: \$110,000. late closers
3. Non-overnight stakes: \$550,000. (Calif. Sire & Gold events)

B. Stakes Races:

1. Estimated purse distribution for all stakes races: \$660,000.
2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races: 83%

- C. Estimated funds to be generated for all California-bred incentive awards:

\$75,000.

- D. Estimated amount of payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

<u>Recognized Horsemen's Organization</u>	<u>Estimated Payment</u>
<i>California Harness Horsemen's Association</i>	<i>\$300,000.</i>

- E. Total estimated amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen: *\$6,075,000.*

- F. Estimated purse funds to be generated from on-track handle and intrastate off-track handle:
\$800,000. On-track; \$4,830,000. Intrastate off-track

- G. Estimated purse funds to be generated from interstate handle:
\$155,000.

- H. Bank or depository for the Paymaster of Purses' purse account and the account number:
Bank of America; Acct. # 05239-09927

- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
*Disher Accountancy, Corp.
1816 Maryal Drive
Sacramento, CA 95864
(916) 482-4224; FAX (916) 482-4225*

NOTICE TO APPLICANT All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held:
990 stalls

- B. Minimum number of stalls believed necessary for the meeting:
960 stalls

- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers:
N/A
- D. Name or location of each off-site stabling area and the number of stalls to be maintained at each site:
N/A
- G. Attach each contractor agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses which cannot be provided stabling on-site.
N/A

Complete subsections F through I if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting:
- G. Estimated cost to provide off-site stalls for this meeting:
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:
- I. Estimated cost for off-site stabling and vanning for this meeting. Show cost per-day per-stall:

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International(RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), LS for limited sweepstakes (pick 6), PK3 for pick three, PK4 for select four, PK6 for pick 6 one pool, PK7 for pick 7, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, SS1 for special sweepstakes (pick 6) alternate 1, SS2 for special sweepstakes (pick 6) alternate 2, SS3 for special sweepstakes (pick 6) alternate 3, SRUS for special reserved unlimited sweepstakes (pick 9), SUS for special unlimited sweepstakes (pick 9), TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$2 Twin Trifecta	CHRB #1959; RCI #VP
Race #1	\$1 E; \$1 Tri; \$1 Superfecta	CHRB 1959; 1979; 1979.1
Race #2	\$1 E; \$1 Tri; \$1 Pk 4	CHRB 1959; 1979; 1978
Race #3	\$1 E; \$1 Tri; \$1 Pk 3	CHRB 1959; 1979; 1977
Race #4	\$1 E; \$1 Tri; \$1 Pk 3	CHRB 1959; 1979; 1977
Race #5	\$1 E; \$1 Tri; \$1 Pk 3	CHRB 1959; 1979; 1977
Race #6	\$1 E; \$1 Tri; \$1 Pk 4	CHRB 1959; 1979; 1978
Race #7	\$1 E; \$1 Tri; \$1 Pk 3	CHRB 1959; 1979; 1977
Race #8	\$1 E; \$1 Tri; \$1 Pk 3; ++	CHRB 1959; 1979; 1977

Race #9	\$1 E; \$1 Tri; \$1 Superfecta	CHRB 1959; 1979; 1979.1
Race #10	\$1 E; \$1 Tri; \$1 Pk 3 if 12 races; ++; @@; ##	CHRB 1959; 1979; 1977
Race #11	\$1 E; \$1 Tri; \$1 Pk 3 if 13 races; ++; ##	CHRB 1959; 1979; 1977
Race #12	\$1 E; \$1 Tri; \$1 Pk 3 if 14 races; ++; ##	CHRB 1959; 1979; 1977
Race #13	\$1 E; \$1 Tri; \$1 Pk 3 if 15 races; ++; ##	CHRB 1959; 1979; 1977
Race #14	\$1 E; \$1 Tri; ++; ##	CHRB 1959; 1979
Race #15	\$1 E; \$1 Tri; ##	CHRB 1959; 1979

Notes:

++ Add \$1 DD (ARCI #VE), may start on this race depending upon actual number of races carded each specific night.

@@ Add Pk 4 (CHRB 1978) if at lease 13 races carded.

Add \$1 Superfecta (CHRB 1979.1) in last race if 10 or more races carded.

\$1 Tri on all races, if sufficient horses available.

Imported races from U.S. and Canadian harness tracks will have co-mingled pools.

B. The maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: *None*

C. List any options requested with regard to exotic wagering: *None*

D. Will "advance" or "early bird" wagering be offered? ☒ Yes ☐ No

If yes, when will such wagering begin:

11:00 a.m. to 5:00 p.m. before each night of racing.

E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract:

Autotote 11 System 12/31/02

Autotote Systems, Inc.

8. SIMULCASTING WAGERING PROGRAM

A. Simulcast organization engaged by the association to conduct simulcast wagering:

Southern California Off-Track Wagering, Inc. (Agreement on file with Board)

B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.

On file with Board.

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

All simulcast locations.

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:

See attached Schedule III

Schedule III

OUT OF STATE SIMULCAST WAGERING LOCATIONS

Atlantic City, New Jersey	Retama Park, Texas
Connecticut OTB, Connecticut	Sam Houston Park, Texas
Diaryland Greyhound, Wisconsin	Rosecroft Raceway, Maryland
Illinois OTB, Illinois	Red Mile, Kentucky
Meadowlands Race Track, New Jersey	Hazel Park, Michigan
Ladbroke at Meadows, Pennsylvania	New York OTB, New York
Nevada PariMutuel Assn., Nevada	Southland Greyhound, Arkansas
Northfield Park, Ohio	Yonkers Raceway, New York
Northville Downs, Michigan	Windsor Raceway, Ontario, CAN
Philadelphia Park, Pennsylvania	Fraser Downs, B.C., CAN
Pompano Park, Florida	Scioto Downs, Ohio
Raceway Park, Ohio	Plainridge Racecourse, Massachusetts
Thistledowns, Ohio	Western Region OTB, New York
Capitol District OTB, New York	Catskill Region OTB, New York
Nassau Region OTB, New York	Suffock Region OTB, New York
America Tab, Oregon	YouBet, Oregon

- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association: *Same as "D" above, except for authorized locations in Canada & Mexico.*
- F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

NOTICE TO APPLICANT B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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Examples:

Calder Race Course	1/1 & 1/2/99	Full Card
Fair Grounds	3/14/99	Selected Feature and/or Stakes Races

- G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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Examples:

Retama Park	4/8 & 4/9/99	Full Card
Ruidoso Downs	9/6/99	Selected Feature and/or Stakes Races

- H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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Examples:

Saratoga Raceway	5/8/99	Full Card
Meadowlands	8/7/99	Selected Feature and/or Stakes Races

Six (6) out-of-state harness or quarterhorse races per live racing program on nights with QH overlap; twelve (12) out-of-state harness or quarterhorse races on nights without QH overlap, with races predominantly from harness tracks in Illinois and New Jersey, but may also include selected events from tracks in other CHRB approved jurisdictions. In addition, on Saturday, July 27th, a full program of harness races conducted with the Breeder's Crown Stakes from the Meadowlands in New Jersey.

- I. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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On occasion, Quarterhorse races may be imported from CHRB approved jurisdictions.

- J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2(d), attach a copy showing the agreement by the appropriate racing association(s).

NOTICE TO APPLICANT All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

9. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:

*YMCA of Greater Sacramento
1926 V Street
Sacramento, CA 95818*

- B. Names and addresses of the trustees or directors of the distributing agent:

Information on file with Board Office

- C. Dates the association will conduct races as charity racing days OR:

March 6 & 20, 2002; April 10, 2002; May 8, 2002; June 12, 2002

- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? ☐ Yes

NOTICE TO APPLICANT Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing Officials nominated:

Associate Judges.....N/A
Association Veterinarian(s)..... Dr. Henry Cook
Clerk of Scales.....N/A
Clerk of the Course..... Patricia Petersen
Horse Identifier.....Carl Sobey
Horseshoe Inspector.....Larry Goshman
Paddock Judge.....Nate Bower
Patrol Judges..... Bill Vallandingham
Placing Judges.....Ron Goldman
Starter..... Bill Vallandingham
Timer..... Ron Goldman

C. Management officials in the racing department:

Director of Racing.....N/A
Racing Secretary.....Fred Kuebler
Assistant Racing Secretary.....N/A
Paymaster of Purses..... Michi Abday
Others (identify by name and title) None

C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:

Capital Reporters
 2340 Harvard
 Sacramento, CA
 (916) 923-5447

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:

<i>Post Time Productions</i>	<i>Additional Digital Systems provided by:</i>
<i>Mr. Mike Tepper</i>	<i>Sportsdata Systems (Mr. Jim Hisle)</i>
<i>Contract thru 12/2002</i>	<i>Contract thru 12/2002</i>

E. Photopatrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract:

Pegasus Communications (Mr. Jim Porup)
Contract thru 12/2002

- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:

Sportsdata Systems (Mr. Jim Hisle)

Contract thru 12/2002

11. SECURITY CONTROLS AND EMERGENCY SERVICES

- A. Name and title of the person responsible for security controls on the premises:
Lt. Shultz, Calif. State Fair Police
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis. Describe the electronic security system:
10 *Closed-Circuit TV Surveillance system throughout enclosure; Security alarm System on doors; motion sensors in corridors & stairwells.*
- C. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
*American Medical Response
P.O. Box 3718
Modesto, CA 95352
(916) 565-2837*
- D. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: *N/A*
- E. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Forthcoming.
- F. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):
*State Compensation Insurance Fund
Policy # 1488980-01
P.O. Box 807
San Francisco, CA 94101*
- G. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance which secures the liability of the association for payment of workers' compensation.

12. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each:

FanFare Enterprises

6473 Sierra Lane

Dublin, CA 94568

Food & Liquor



P.O. BOX 807, SAN FRANCISCO, CA 94101-0807

CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 04-01-01

POLICY NUMBER: 1488980 - 01
CERTIFICATE EXPIRES: 04-01-02

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO CA 95825

This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 10 days' advance written notice to the employer.

We will also give you 10 days' advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

Kenneth C. Bollier
PRESIDENT

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000.00 PER OCCURRENCE.

EMPLOYER

LEGAL NAME

CAPITOL RACING LLC
PO BOX 255069
SACRAMENTO CA 95865

CAPITOL RACING ,
LLC

PRINTED: 03-17-01 P0409

16. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line:

One mile

 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Pylons are used instead of the inner hub rail. An aluminum Steriline racing rail, in full compliance of track safety regulations, is used for the outer rail.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: *J. R. Williams, Track Superintendent*
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing.

17. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):
All contracts in place.
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
On file with Board.
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made).
On file with Board Office
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state):
No exceptions

ACORD™ CERTIFICATE OF LIABILITY INSURANCEDATE (MM/DD/YY)
12/20/2001

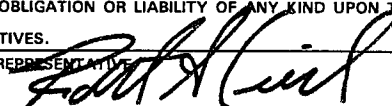
PRODUCER Aon Enterprise Insurance Services Inc. 1000 Milwaukee Avenue Glenview, IL 60025	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED Capitol Racing, LLC P O Box 255069 Sacramento, CA 95865	INSURERS AFFORDING COVERAGE INSURER A: General Star Indemnity Company INSURER B: General Accident Insurance Co of America INSURER C: INSURER D: INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	IYG360832C	10/19/2001	10/19/2002	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire)	\$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ excluded
					PERSONAL & ADV INJURY	\$ 1,000,000
					GENERAL AGGREGATE	\$ 1,000,000
					PRODUCTS - COMP/OP AGG	\$ 1,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				
B	AUTOMOBILE LIABILITY	QDAX60103D	08/21/2001	08/21/2002	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input checked="" type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS					
<input checked="" type="checkbox"/> NON-OWNED AUTOS						
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
					AUTO ONLY: AGG	\$
A	EXCESS LIABILITY	IXG360805C	10/19/2001	10/19/2002	EACH OCCURRENCE	\$ 5,000,000
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 5,000,000
	<input type="checkbox"/> DEDUCTIBLE					\$
	<input type="checkbox"/> RETENTION \$ 0					\$
						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTH-ER
					E.L. EACH ACCIDENT	\$
					E.L. DISEASE - EA EMPLOYEE	\$
					E.L. DISEASE - POLICY LIMIT	\$
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
The State of California, California Horse Racing Board, California Exposition and State Fair, their agents, officers, servants and employees are additional insured with respects to insureds operations. #Except 10 day notice for non-payment of premium in cancellation clause.

CERTIFICATE HOLDER California Horse Racing Board 1010 Hurley Way Suite 300 Sacramento, CA 95825	ADDITIONAL INSURED; INSURER LETTER: _____	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE: 
--	--	--

- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state):

No exceptions

NOTICE TO APPLICANT Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

18. CERTIFICATION BY APPLICANT

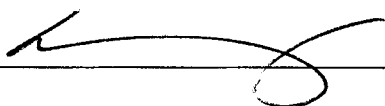
I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

Alan B. Horowitz

Print Name

General Manager

Print Title



Signature

November 27, 2001

Date

**STAFF ANALYSIS
REQUEST FOR AMENDMENT OF
2002 RACE DATES**

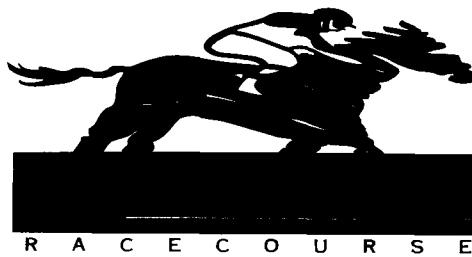
**REGULAR BOARD MEETING
JANUARY 24, 2002**

Background:

The Bay Meadows Operating Company and the Pacific Racing Association (PRA) are jointly requesting an amendment to the Northern Thoroughbred race dates for the 2002 racing year. They are asking that the week of November 6 through November 11, 2002, now allocated to Bay Meadows, be transferred to PRA at Golden Gate Fields (GGF). This would move six race days from Bay Meadows to GGF and change the total number of race dates for 2002 from 110 for Bay Meadows and 99 for GGF, to 104 for Bay Meadows and 105 for GGF. The attached letter explains further the reasons for this request.

Recommendation:

Staff recommends that the Board hear from the horsemen and other interested parties regarding this request.



December 21, 2001

Mr. Roy C. Wood, Jr.
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

2001 DEC 21 11:59

2600 South Delaware Street
P.O. Box 5050
San Mateo, CA 94402
Telephone (650) 574-7223

Dear Roy:

The managements of Bay Meadows Operating Company and Pacific Racing Association respectfully request the California Horse Racing Board to re-allocate the Northern California racing dates of Wednesday, November 6, 2002 through Monday, November 11, 2002 from Bay Meadows Operating Company to Pacific Racing Association. The purpose of this requested re-allocation is to equalize to the extent possible the total number of racing dates allocated to each track. When the dates were originally allocated by the Board, it was recognized that a re-allocation of the requested dates would be forthcoming.

Currently, Bay Meadows Operating Company and Pacific Racing Association have been allocated 110 and 99 racing days, respectively.

The shifting of the week of Wednesday, November 6, 2002 through Monday, November 11, 2002 (six days) from Bay Meadows to Pacific Racing would result in Bay Meadows having 104 racing days and Pacific Racing having 105 days. We feel this allocation is in the best interests of both tracks, their customers, and the participating horsemen.

We are requesting, if at all possible, administrative approval of this change so that we may be able to move forward with disseminating the resulting information immediately. If that is impossible, it is requested that the matter be considered at the Board's January meeting.

If you have any questions or concerns, feel free to contact me at my Santa Anita office, (626) 574-6301.

Very truly yours,

F. Jack Liebau, President
Bay Meadows Operating Company
Pacific Racing Association

cc: John Reagan
Bernice Thurman
Michael Scalzo
Peter Tunney
Michael Ziegler
Kay Webb

STAFF ANALYSIS

January 24, 2002

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT
WAGERING OF YOUBET.COM (Youbet).

Youbet filed its application as an out-of-state multi-jurisdictional wagering hub (out-of-state Hub). The term of approval is two years and will start when the application is approved.

- Dates of operation for the out-of-state Hub will be 7 days a week.
- Hours of operation will be approximately 7:00 a.m. to 11:00 p.m. Pacific Time.
- Youbet contracts with Television Games Network (TVG) to utilize TVG's patented wagering technology for online and automated telephone applications and the right to video stream and accept online pari-mutuel wagers on horse racing from the following associations on the dates listed:
 - Los Alamitos Racing Association (LARA) at Los Alamitos Race Course.
Approval date through December 22, 2002.
 - Churchill Downs Incorporated (CDI) at Hollywood Park.
April 24, 2002 through July 21, 2002.
November 6, 2002 through December 22, 2002.
 - Del Mar Thoroughbred Club (DMTC) at Del Mar.
July 24, 2002 through September 11, 2002.
 - Los Angeles County Fair (LACF) at Fairplex.
September 13, 2002 through September 29, 2002.
 - Oak Tree Racing Association (OTRA) at Santa Anita Park.
October 2, 2002 through November 3, 2002.

Items **still needed** to complete this application:

1. Contract with TVG.
2. Contract with racing associations - LARA, CDI, DMTC, LACF and OTRA.
3. Horsemen's approvals.
4. \$500,000 financial security.

RECOMMENDATION:

Staff recommends the Board defer approval of the application until all missing information is received.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

Youbet.com, Inc.
5901 De Soto Avenue
Woodland Hills, CA 91367
(818) 668-2100 Telephone
(818) 668-2101 Fax

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

Joseph Hasson, Vice President, 200310746, State of Oregon
Rick Boonstra, GM/Controller Youbet Oregon, 200410299, State of Oregon
Ron Luniewski, Executive VP, COO, *pending visit to Oregon (license approved, require photo for final ID card to be issued)*
Phillip C. Hermann, Executive VP, CFO, *pending visit to Oregon (license approved, require photo for final ID card to be issued)*

C. Name, title and mailing address of the California agent for receipt of service of process:

Mr. Brent Bradley, Attorney
Christiansen Miller Fink
2121 Avenue of the Stars, 18th Floor
Los Angeles, CA 90067

D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

In May of 2001 Youbet.com entered into an agreement with Television Games Network ("TVG") that gave Youbet.com a license to utilize TVG's patented wagering technology for online and automated telephone applications and the right to video stream and accept online pari-mutuel wagers on horse racing from virtually all of TVG's exclusive partner racetracks. The California race tracks included under this agreement are as follows: Del Mar, Fairplex Park, Hollywood Park, Los Alamitos and Oak Tree at Santa Anita. The market access fees are defined in the TVG contract with the California racetracks and signed consents can be found under Attachment 2.

CHRB CERTIFICATION

Application received: 11-19-01
Reviewed: *PN*

Hearing date: 1-24-02
Approval date:

Today, Youbet.com also offers Santa Anita, Bay Meadows Golden Gates Fields and Northern CA Fairs. Because CA residents cannot wager through Youbet.com the current contracts with these racetracks do not comprehend a market access fee.

Youbet.com fully intends pay a market access fee for all CA residents where Youbet.com blended commission from CA residents will not exceed five and half percent (5.5%), the Oregon Racing Commission fee will be one quarter of a percent (¼%) and tote fees will be one half of a percent (½%). The remainder will be paid as a market access fee. This is very similar to the TVG market access arrangement.

Youbet.com plans on entering into a relationship that pays a market access with the Northern California Fairs as the race meet draws closer. The remaining racetracks are owned by MEC and more likely will only be available through the MEC PA account wagering hub. In this case MEC will be responsible for establishing the market access fee. Youbet.com does not anticipate having access to the MEC CA content through its OR wagering hub.

ATTACHMENT 2*Confidential Proprietary Information

2. DATES OF OPERATION

A. Dates Advance Deposit Wagering will be conducted:

The Youbet service is currently available 16 hours a day 7 days a week with hours of operation being approximately 7:00 a.m. – 11: p.m. PSD

B. Hours Advance Deposit Wagering will be conducted:

See 2.A.

3. BUSINESS STRUCTURE

- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. Corporation**1. Registered name of the corporation:**

Youbet.com, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

95-4627253 – Federal ID Number

4. Name of all officers and directors, titles, and number of shares of the corporation held by each:

Name	Title	# of Shares Owned
Robert M. Fell	Chairman, President and Chief Executive Officer	204,500
Phillip C. Hermann	Executive Vice President and Chief Financial Officer	0
Ceasar P. Kimmel	Director	16,000
Ron W. Luniewski	Executive Vice President and Chief Operating Officer	0
Chris McCarron	Director	10,000
William H. Roedy	Director	100,000

5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

David Marshall, 1,851,287 shares

Russell Fine, 1,557,887 shares

6. Number of outstanding shares in the corporation:

19,532,950 shares

7. Are the shares listed for public trading? ☒ Yes ☐ No
If yes, on what exchange and how is the stock listed: Nasdaq; UBET

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

American Stock Transfer and Trust Company

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation entity:

N/A

10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and /or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.

The attachment contains the 2000 annual report (SEC Form 10K) and the first two quarterly reports for 2001 (SEC Form 10Q)

ATTACHMENT 3

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

ATTACHMENT 4*Confidential Proprietary Information

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

A. List the procedures to establish an Account:

An interested individual must complete several steps in order to become a Youbet.com subscriber and to open a wagering account. Youbet.com complies with the Oregon Racing Regulation OAR 462-210-0030.

Verifying the customer's qualifications to become a subscriber is an integral part of the Youbet.com sign-up process. Youbet.com is concerned with two major issues; state of residence and age. To become a Youbet.com Network subscriber, an

applicant must be resident in one of the 39 jurisdictions (**ATTACHMENT 5**) in which Youbet.com provides service and must be 21 years or older. Accounts may be established by phone, mail or the Youbet.com website. Youbet.com reserves the right to close or to refuse to open an account.

The account holder must provide the following information:

- Full legal name
- Principal place of residence
- Telephone number
- Social Security Number
- Proper identification or certification the account holder is at least 21 years of age

Youbet.com, using the verification services of Equifax Credit Reporting, validates the information provided by the account holder. This information will be subject to electronic verification through Equifax, and should a discrepancy be found during verification, the account holder will be contacted to provide satisfactory supporting documentation to establish identity and residence. After the validation process is complete a wager account is established and the customer is now permitted to fund the account. Then, and only then, are funds transferred into the wagering account permitted. At that point, the applicant is considered a "subscriber" to the You Bet Network.

For more operational details see **ATTACHMENT 7**

B. If an application form is used to establish an Account attach a copy of the form.

ATTACHMENT 6

C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 30374

5. OPERATION OF ADVANCE DEPOSIT WAGING ACCOUNTS – must comply with Rule 2073.

A. Submit a copy of your plan for operation.

ATTACHMENT 7

B. List the type of deposits you will accept:

Credit card, electronic check, check, money order, wire transfer. See operating plans for detail of velocity limits and overall policies for depositing funds into a wagering account. (Attachment 7)

C. Identify any fees or transaction-related charges and the amount that will be assessed:

Currently, in certain cases, Youbet.com charges \$0.25 per wager.

6. SECURITY ACCESS

A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

Youbet.com uses the services from Equifax Credit Information Services, Inc.

The customers Social Security number is used to search Equifax's consumer credit database. As a secondary search, the customer's driver's license number is used to search against a nation wide database. Together these searches provide Youbet with a match or no match indication. If a match is returned, Youbet verifies the customer is of a legal age and in a legal State. In addition, if a customer submits a post office box as an address, the customer is contacted for a residences address that is used to verify the customer's residences address. If the customer submits a second address but requests to use the PO box as the mailing address, Youbet stores the residence address as the address of record and the PO box as the mailing address. Further, both addresses must be in the same state.

Customers must supply the following information:

- First Name
- Last Name
- Residence Address
- Drivers License
- Drivers License Expiration Date
- Date of Birth
- Social Security Number

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customers Social Security Number, Drivers License and password / PIN is encrypted and cannot be viewed by non-authorized Youbet personnel.

The following data is encrypted:

- Password
- Social Security Number
- Credit Card Numbers
- Checking Account Number
- Drivers License

In addition these other steps are taken to insure security of the PIN:

- The customers PIN must differ from their Handle or User ID.
- The customers PIN must be four digits in length
- The customer's account is locked on the consecutive third unsuccessful attempt to log in. The customer must contact Youbet customer support and provide appropriate identification to have the account unlocked.
- If the customer forgets their password, they must supply their handle / user ID, date of birth and registered email address to obtain the password.
- The password memory feature of Microsoft's operating system and browser are disabled for all Youbet' products and Web sites.

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Youbet customers must mail or fax a signed withdrawal slip to Youbet's Oregon office

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All records are maintained at Youbet.com. The following entities also store certain information:

Youbet Oregon, Inc. - *Physical address:* 19545 NW Von Neumann Drive, Suite 225 Beaverton, OR 97006, *Telephone:* (503) 748-3694, *Fax:* (503) 748-3693

Amtote International, Inc. – 11200 Pepper Road, Huntvalley, MD 21031, *Telephone:* (410) 771-8700, *Fax:* (410) 785-5273

Autotote – 750 Lexington Avenue, 25th Floor, New York, NY 10022, *Telephone:*
212-754-2233, *Fax:* 212-754-2372

7. PARI-MUTUEL

A. Name, address and telephone number of the pari-mutuel audit firm:

BDO Seidman, 1900 Avenue of the Stars, 11 Floor, Los Angeles, CA 90067
Telephone (310) 557-0300

B. Type(s) of pari-mutuel or totalizer equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizer equipment: Amtote Spectrum System, 3-year term through June 31, 2004.

Simulcast organization: Youbet ITSP is provided by Robertson Communication, 3-year term through June 30, 2004.

C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Arlington	Los Alamitos	Scioto Downs
Calder	Louisiana Downs	Northfield
Belmont	Mountaineer	Harrington
Del Mar	Retama	Mohawk
Keeneland	Rockingham	Northville
Saratoga	Ruidoso	Kentucky Downs
Oak Tree at Santa Anita	Suffolk Downs	Woodbine (Harness)
Beulah Park	Turfway Park	Cal Expo
Churchill Downs	The Red Mile	Delaware County Fair
Delaware Park	Fort Erie	Colonial Downs
Ellis Park	Hazel Park	Fraser Downs
Evangeline Downs	Hasting Park	Elmira Raceway
Fairmount Park	Lebanon Raceway	Australia A
Hollywood Park	Windsor Raceway	Australia B
Hoosier Park	Woodbine (Thoroughbred)	

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

N/A

9. ADVERTISING

Name and address of the advertising agency you will use:

Youbet.com recently decided to move all advertising in-house, with Don Scott, VP of Marketing overseeing our advertising needs and requirements and the use of freelance talent.

NOTICE – Pursuant to Rule 2072(h) all advertisings shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Ron Luniewsk
Print Name

[Signature]
Signature

LO-CEO
Print Title

11.15.01
Date

STAFF ANALYSIS

January 24, 2002

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF 20014 DELAWARE, INC., A WHOLLY-OWNED SUBSIDIARY OF MAGNA ENTERTAINMENT CORPORATION.

20014 Delaware, Inc. filed its application as a California multi-jurisdictional wagering hub (CA Hub). The term of the license is two years and will start when the application is approved.

- Dates of operation will be January 1 to December 31, inclusive.
- Hours of operation will be during all times races are run which could be up to twenty-four hours a day.
- The CA Hub will provide services for the following associations on the dates listed:
 - Los Angeles Turf Club, Incorporated (LATC) at Santa Anita Park.
Approval date through April 21, 2002.
December 26, 2002 through December 31, 2002.
 - Capitol Racing LLC at Cal Expo.
March 1, 2002 through July 27, 2002.
 - Bay Meadows Operating Company, LLC (BMOC) at Bay Meadows Racecourse.
April 3, 2002 through June 16, 2002.
August 30, 2002 through November 3, 2002.
 - Pacific Racing Association (PRA) at Golden Gate Fields.
Approval date through March 31, 2002.
November 6, 2002 through December 22, 2002.
December 26, 2002 through December 31, 2002.
- **BOARD CONCERN** - pursuant to Business and Professions Code 19604, ADW may be conducted upon approval by the Board. The Board may authorize any racing association or fair during the calendar period it is licensed by the Board to conduct a live race meeting to accept ADW.

The CA Hub has no contract with an association or fair for the period July 28 through August 29, 2002. Therefore, they are ineligible to accept ADW during that time period.

Items **still needed** to complete this application:

1. Contract with racing associations - BMOC, LATC and PRA.
2. Horsemen's approval.
3. Contract with Mountain Laurel Racing, Inc. and Washington Trotting Association, Inc., jointly doing business as Call-A-Bet, as the administration and account opening services provider.
4. Contract with TrackPlay LLC, a subsidiary of Autotote Systems, Inc., as the on-line computer wagering technology provider.
5. CHRB license for Jim McAlpine, Gary Cohn and Doug Tatters.

RECOMMENDATION:

Staff recommends the Board defer approval of the application until all missing information is received.

Application is made to the CHRB for a license to conduct advance deposit wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and comply with the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

1. APPLICANT

- B. Name, mailing address, telephone and fax numbers:**

C. Names and titles of all management personnel:

*** Not currently licensed with CHRB. License Application in progress.**

D. Racing Fairs are not required to complete Section 3; Business Structure.

Application received: 12-20-01
Reviewed: PN
Hearing Date: 1-24-02

Approved date:
License number:

- E. Betting systems and CA Hubs – attach the contract with the Licensee and the required horsemen's approval under the Interstate Horseracing Act¹ that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

Attached as Exhibit 1 are (i) the proposed contract to be entered into with each of the following Licensees for the following periods, and (ii) an undertaking from Applicant to distribute the market access fee in respect of all remaining periods of the calendar year.

<u>Race Track</u>	<u>Licensee</u>	<u>2002 Racing Schedule²</u> (actual calendar dates)
Santa Anita Park	Los Angeles Turf Club, Incorporated	01/01/02 - 04/21/02 12/26/02 - 12/31/02
Bay Meadows Racecourse	Bay Meadows Operating Company, LLC	04/03/02 - 06/16/02 08/30/02 - 11/03/02
Golden Gate Fields	Pacific Racing Association	01/01/02 - 03/31/02 11/06/02 - 12/22/02 12/26/02 - 12/31/02

¹Prior to offering or accepting a wager on a race conducted outside of California from a California resident, Applicant shall use its best efforts to secure and file with the Board the consent required by the Interstate Horseracing Act (the "IHA") of the horsemen's association at the track where the race is conducted (the "Host Track"). It should be noted that under the IHA, the Host Track has the obligation to secure such consent. If the Host Track is located outside of California and affiliated with Applicant, the requisite consent shall be filed with the CHRB prior to any wager being offered or accepted on a race from that track.

²Only the dates for the 2002 Racing Schedule have been provided. The agreement with these Licensees will cover the 2002 and 2003 race meetings to coincide with the two-year term of the license that we are applying for.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
January 1 to December 31, inclusive
- B. Hours Advance Deposit Wagering will be conducted:
While races are run, up to twenty-four (24) hours per day

3. BUSINESS STRUCTURE

- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:

20014 Delaware, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

3373240

4. Name of all officers and directors, titles, and number of shares of the corporation held by each;

<u>Name</u>	<u>Title</u>	<u>Number of Shares Owned</u>
Frank Stronach	Director	None
Jim McAlpine	Director, President and Chief Executive Officer	None
Graham Orr	Director, Executive Vice-President and Chief Financial Officer	None
Gary Cohn	Vice-President and Secretary	None
Andrew Gaughan	Vice-President, New Media Initiatives	None
Edward Hannah	Vice-President and General Counsel	None
Doug Tatters	Vice-President and Controller	None
Jack Liebau	Vice-President, California	None

5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

Magna Entertainment Corp.

6. Number of outstanding shares in the corporation:

100 common shares

7. Are the shares listed for public trading? Yes ☐ No ☒
If yes, on what exchange and how is the stock listed:

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

Not applicable

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

Magna Entertainment Corp.

10. Attach the most recent annual audited financial statements for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

Applicant was recently incorporated and has not completed its initial fiscal year. Attached as Exhibit 2 for your review are the annual financial statements of the corporation's parent, Magna Entertainment Corp.

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

Attached as Exhibit 3 is the business plan for California resident wagers for 2002 and 2003.

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

8. Attach the most recent annual audited financial statements for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2074.

- A. List the procedures to establish an Account:

Attached as Exhibit 4 are Applicant's Account Opening Procedures.

- B. If an application form is used to establish an Accounts, attach a copy of the form.

Attached as Exhibit 5 is a copy of the application form.

- C. Name and address of the third party you will use to confirm identity, residence and age verification:

**Corporate Office
Trans Union LLC
555 West Adams Street
Chicago, Illinois 60661**

By separate letter, we will provide general information concerning Trans Union LLC.

5. **OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.

Attached as Exhibit 6 is Applicant's *Plan of Operation*.

- B. List the type of deposits you will accept:

Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder.

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Customers will not be charged a monthly membership or wagering fee or a per call or wager transaction fee. Processing fees may be charged in respect of deposits made pursuant to Item 5B above, via credit card cash advance or wire transfers.

Processing fees for credit card cash advances will be no greater than 6%. High value customers may not be subject to credit card cash advance processing fees.

A wire transfer of less than \$250.00 is subject to a \$5 processing fee. A wire transfer of greater than \$250.00 is not subject to any charge.

Customers requesting special delivery (e.g. courier) may be charged the cost of those services.

As the distribution platforms evolve and future enhancements deliver increased functionality to customers, monthly fees or surcharges may be implemented for added value services.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

Please refer to Exhibit 7 for Items 1 – 4.

1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
3. Methods and locations available for Account Holders to withdraw funds from their Account.

4. If the Account Deposit Wagering records will be maintained at a site other than the applicant's, provide the name, address, telephone and fax numbers and the hours of operation.

7. **PARI-MUTUEL**

- A. Name, address and telephone number of the pari-mutuel audit firm:

**Bowen & McBeth
10722 Arrow Route, Suite 110
Rancho Cucamonga, California 91730
Telephone: 909-944-6465
Facsimile: 909-980-4788**

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

- (i) Types of pari-mutuel or totalizator equipment to be used.

Totalizator equipment and services will be provided to Applicant by Autotote Systems, Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response technology (an automated touch-tone betting system), and (b) on-line computer wagering technology (provided by Trackplay, LLC (a subsidiary of Autotote Systems, Inc.)).

- (ii) Simulcast Organization

Autotote Services, Inc. and Roberts Communications Network, Inc.

- (iii) Name of entity supplying equipment, and expiration date of the service contract.

Equipment to be supplied by:

**Autotote Systems, Inc.
100 Bellevue Road
Newark, Delaware 19714**

Applicant and Autotote Systems, Inc. have executed a letter of intent and are currently in discussions finalizing the terms of a services contract. Once determined, the expiration date of the services contract will be provided.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Attached as Exhibit 8 is the list of racing venues from which the Applicant currently intends to accept Advance Deposit Wagering. We will update you as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

Autotote Services, Inc.; Trackplay, LLC; Washington Trotting Association, Inc. and Mountain Laurel Racing, Inc. (operators of Call-A-Bet who provide administrative and account opening functions)

NOTICE – Pursuant to B&P Section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

9. ADVERTISING

Name and address of the advertising agency you will use:

**Meadwell & Associates
36 Mississauga Road
Mississauga, Ontario, Canada
L5H 2H6**

NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. DECLARATIONS

All contracts and agreements necessary have been signed except (if no exceptions, so state):

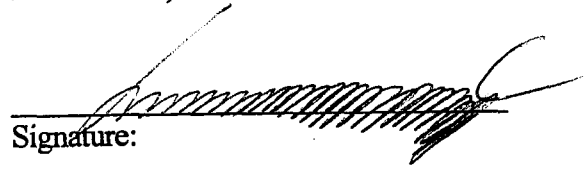
No definitive contracts or agreements have yet been signed. We will update you as contracts are signed.

11. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized to attest to this application.

Andrew Gaughan

Print Name:

Signature: 

Vice-President, New Media Initiatives

Print Title:

December 18, 2001

Date:

STAFF ANALYSIS

January 24, 2002

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT
WAGERING OF ODS TECHNOLOGIES, L.P. D/B/A/ TVG.

TVG filed its application as an out-of-state multi-jurisdictional wagering hub (out-of-state Hub). The term of approval is two years and will start when the application is approved.

- Dates of operation for the out-of-state Hub will be 365 days a year.
- Hours of operation will be 24 hours a day.
- TVG will provide service for the following associations on the dates listed:
 - Los Alamitos Racing Association (LARA) at Los Alamitos Race Course.
Approval date through December 22, 2002.
 - Churchill Downs Incorporated (CDI) at Hollywood Park.
April 24, 2002 through July 21, 2002.
November 6, 2002 through December 22, 2002.
 - Del Mar Thoroughbred Club (DMTC) at Del Mar.
July 24, 2002 through September 11, 2002.
 - Los Angeles County Fair (LACF) at Fairplex.
September 13, 2002 through September 29, 2002.
 - Oak Tree Racing Association (OTRA) at Santa Anita Park.
October 2, 2002 through November 3, 2002.

Items **still needed** to complete this application:

1. Contract with racing associations - LARA, CDI, DMTC, LACF and OTRA.
2. Horsemen's approvals.

RECOMMENDATION:

Staff recommends the Board defer approval of the application until all missing information is received.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-133 (New 9/01)

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

ODS Technologies, L.P. d/b/a TVG
19545 N.W. Von Neumann Drive, Suite 210
Beaverton, OR 97006
Tel: (503) 748-3800
Fax: (503) 748-3838

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

Doug Ramsey, Executive Vice President/Chief Operating Officer, Oregon license # 200210043
Rich McNutt, Vice President, Operations and Technology, Oregon license # 200210045
BJ Cosson, Director, Customer Service, Oregon license # 200230040
Dean Koko, Manager, Wager Operations, Oregon license # 200230014

C. Name, title and mailing address of the California agent for receipt of service of process:

John Hindman
Vice President of Communications and General Counsel
TVG
12421 West Olympic Blvd.
Los Angeles, CA 90064

CHRB CERTIFICATION

Application received: 1-10-02
Reviewed: PN

Hearing date: 1-24-02
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

APPENDIX 1 to this document contains an abstract of valid and binding contracts with the following licensed California racing associations or fairs: Del Mar Thoroughbred Club, Fairplex (Los Angeles County Fair Association), Hollywood Park, Los Alamitos and Oak Tree Racing Association that identifies the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 1 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted: 365 days/year
- B. Hours Advance Deposit Wagering will be conducted: 24 hours/day

3. BUSINESS STRUCTURE

- A. ☐ Corporation (complete subsection B)
- ☐ LLC (complete subsection C)
- ☒ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:

7. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:

TV Guide, Inc., General Partner.
7140 South Lewis Avenue
Tulsa, OK 74136

2. If a partnership, attach partnership agreement.

APPENDIX 2 to this document is a copy of the Limited Partnership Agreement for ODS Technologies, L.P.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 2 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

APPENDIX 3 contains the most recent SEC Form 10-Q for Gemstar – TV Guide International, Inc. demonstrating TVG's financial fitness to conduct advance deposit wagering.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

A. List the procedures to establish an Account:

1. Customers must be at least 21 years of age to establish an advance deposit wagering account.
2. Customers can establish an account by telephone by calling 1-888-PLAY TVG, on the Internet at www.tvgnetwork.com, by mail, or in person at a TVG retail outlet or racetrack partner by providing the following information:
 - Name
 - Social Security Number
 - Date of Birth
 - Principal Residence Address Including Postal ZIP Code
 - Telephone Number
3. Each application submitted to TVG is subject to electronic verification by a nationally recognized third party information services provider with respect to name, principal residence address including postal zip code, date of birth and Social Security Number. If there is a discrepancy between the application information submitted to TVG and the information provided by the electronic verification described above, or if no information on the applicant is available from such electronic verification, another nationally recognized third party information services provider meeting the same requirements described above may be used to verify the information provided. If these measures prove unsatisfactory, the applicant will be required to provide identification issued by a recognized government agency (driver's license or government ID) showing his or her date of birth and residence address to complete the application process.
4. Provided that the account applicant's information has been positively identified, each applicant is assigned his or her TVG Personal Wagering Account Number and is asked to establish a Personal Identification Number consisting of four (4) numeric characters.

5. To activate the account for wagering purposes, a minimum initial deposit of \$50.00 is required.
6. TVG provides each new wagering account holder with a "Guide to Interactive Wagering" containing standard terms and conditions, deposit and withdrawal information (including customized deposit and withdrawal slips and, upon request, an automatic deposit/withdrawal authorization form) as well as comprehensive information about accessing account information, placing wagers and maintaining the account. APPENDIX 4 contains a TVG "Guide to Interactive Wagering."

B. If an application form is used to establish an Account attach a copy of the form.

A copy of the application form available on www.tvgnetwork.com is provided as APPENDIX 5 to this document.

C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Services
P.O. Box 4472
Atlanta, GA 30302

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

A. Submit a copy of your plan for operation.

The Plan of Operation is contained in APPENDIX 6 to this document.

B. List the type of deposits you will accept:

Deposits will be accepted in the form of:

1. Check, money order or negotiable order of withdrawal;
2. Cash (at designated financial/retail outlets);
3. Charges made to an account holder's credit card or debit card upon the direct and personal instruction of the account holder, which may be given by telephone or other secure electronic means; and
4. Transfer by means of an electronic funds or ACH (Automated Clearing House) transfer from a monetary account controlled by an account holder to his/her account, said account holder may be liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account.

California account holders shall be permitted access to one credit or debit card deposit each day for wagering purposes. Additional credit or debit card deposits to an account shall be made available for use the next day.

C. Identify any fees or transaction-related charges and the amount that will be assessed:

A transaction fee of \$0.25 per wagering transaction (capped at \$19.95 a month) will be assessed.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

3. Methods and locations available for Account Holders to withdraw funds from their Account:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Mr. Steve R. Roden
Supervisor of Pari-Mutuels and Licensing
Oregon Racing Commission
Suite 310
800 N.E. Oregon Street, #11
Portland, OR 97232
(503) 731-4052

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizator services are provided by contract with AmTote International, Inc. The contract expires July 14, 2004. Please refer to the Plan of Operation in APPENDIX 6 for more details.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Aqueduct Racetrack, Floral Park, NY
Arlington Park, Arlington Heights, IL
Belmont Park, Elmont NY
Balmoral, Crete, IL
Calder Race Course, Miami, FL
Canterbury Park, Shakopee, MN
Churchill Downs, Louisville, KY
Colonial Downs, New Kent, VA

Del Mar, Del Mar, CA
Delta Downs, Vinton, LA
Dover Downs, Dover, DE
Ellis Park, Henderson, KY
Emerald Downs, Auburn, WA
Fair Grounds, New Orleans, LA
Fairmount Park, East St. Louis, IL
Fairplex Park, Pomona, CA
Great Lakes Downs, Muskegon, MI
Harrington Raceway, Harrington, DE
Hollywood Park, Inglewood, CA
Hoosier Park, Anderson, IN
Keeneland, Lexington, KY
Kentucky Downs, Franklin, KY
Laurel Park, Laurel, MD
Lone Star Park, Grand Prairie, TX
Los Alamitos, Los Alamitos, CA
Louisiana Downs, Shreveport, LA
Maywood Park, Maywood, IL
Mountaineer Park, Chester, WV
Monticello Raceway, Monticello, NY
Northfield Park, Northfield, OH
Oaklawn Park, Hot Springs, AR
Oak Tree Racing Association, Arcadia, CA
Pimlico, Baltimore, MD
Pompano Park, Pompano Beach, FL
Portland Meadows, Portland, OR
Prairie Meadows, Altoona, IA
Retama Park, San Antonio, TX
River Downs, Cincinnati, OH
Ruidoso Downs, Ruidoso, NM
Sam Houston, Houston, TX
Saratoga Equine Sports Center, Saratoga Springs, NY
Saratoga Race Course, Saratoga Springs, NY
Scioto Downs, Columbus, OH
Sportsman's Park, Cicero, IL
Suffolk Downs, East Boston, MA
Sunland Park, Sunland Park, NM
Turf Paradise, Phoenix, AZ
Turfway Park, Florence, KY
Yavapai Downs, Prescott, AZ

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

STAFF ANALYSIS

January 24, 2002

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT
WAGERING BY AUTOTOTE ENTERPRISES, INC.

Autotote filed its application as an out-of-state multi-jurisdictional wagering hub (out-of-state Hub). The term of approval is two years and will start when the application is approved.

- Dates of operation for the out-of-state Hub will be 363 days per year. They will not operate on Easter Sunday or Christmas day.
- Hours of operation (EST) will be:
 - Monday through Saturday 10:30 a.m. through the close of racing.
 - Sunday 11:00 a.m. through the close of racing.
 - Sunday through Thursday closing will be approximately 12:30 a.m.
 - Friday and Saturday closing will be approximately 1:00 a.m.
- Autotote will provide service for the following associations on the dates listed:
 - Los Alamitos Racing Association (LARA) at Los Alamitos Race Course.
Approval date through December 22, 2002.
 - Los Angeles Turf Club, Incorporated (LATC) at Santa Anita Park.
Approval date through April 21, 2002.
December 26, 2002 through December 31, 2002.
 - Pacific Racing Association (PRA) at Golden Gate Fields.
Approval date through March 31, 2002.
November 6, 2002 through December 22, 2002.
December 26, 2002 through December 31, 2002.
 - Bay Meadows Operating Company, LLC (BMOC) at Bay Meadows Racecourse.
April 3, 2002 through June 16, 2002.
August 30, 2002 through November 3, 2002.
 - Churchill Downs Incorporated (CDI) at Hollywood Park.
April 24, 2002 through July 21, 2002.
November 6, 2002 through December 22, 2002.
 - California Authority of Racing Fairs (CARF) northern California fair circuit.
June 12, 2002 through October 14, 2002.
 - Del Mar Thoroughbred Club (DMTC) at Del Mar.
July 24, 2002 through September 11, 2002.
 - Los Angeles County Fair (LACF) at Fairplex.
September 13, 2002 through September 29, 2002.

Items **still needed** to complete this application:

1. Contract with racing associations - LARA, LATC, PRA, BMOC, CDI, CARF, DMTC and LACF.
2. Horsemen's approvals.
3. Entity to provide advertising services.
4. \$500,000 financial security expires January 1, 2003, which does not cover the term of the approval.
5. Deposit information does not specify California account holders only have access to one deposit each racing day for wagering purposes.

RECOMMENDATION:

Staff recommends the Board defer approval of the application until all missing information is received.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-133 (New 9/01)

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000. **(See Bond Attachment)**

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

- A. Name, mailing address, telephone and fax numbers:
Sports Haven – 600 Long Wharf Drive, New Haven, CT 06511, tel. (203)946-3100, fax1(203) 946-3222
- B. Name, title, license number and racing jurisdiction where licensed for all management personnel:
Please refer to Licensing Attachment.
- C. Name, title and mailing address of the California agent for receipt of service of process:
Registered Agent, Cathy Christian, Esq. – Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP. 770 L Street, Suite 800, Sacramento, California 95814 (916) 466-6752.
- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.
See accompanying cover letter.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
Connecticut Advance Deposit Wagering will be open 363 days per year, excluding Easter Sunday and Christmas day.

- B. Hours Advance Deposit Wagering will be conducted:

Connecticut Advance Deposit Wagering Operating Hours:
(times are EST)
Monday through Saturday 10:30 am through the close of racing
Sunday 11 am opening through the close of racing
The following are approximate hours of closing:
Sunday through Thursday 12:30 am
Friday and Saturday 1:00 am

3. BUSINESS STRUCTURE

CHRB CERTIFICATION

Application received: *1-9-02*
Reviewed: *PN*

Hearing date: *1-24-02*
Approval date:

- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation: **Autotote Enterprises, Inc.**
2. State where incorporated: **Connecticut**
3. Registry or file number for the corporation: **EIN: 06-11370549**
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
Please refer to Attachment I
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
Please refer to NOTE provided on Attachment I
6. Number of outstanding shares in the corporation: **100 Shares**
7. Are the shares listed for public trading? ☐ Yes ☒ No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
Please refer to NOTE provided on Attachment I
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Scientific Games Corporation
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
Please refer to Attachment II
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.
See Attachment III

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:

5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2074.

A. List the procedures to establish an Account:

1.) **On-The-Wire telebet must receive the following items from the customer to open an account:**

a. **a completed, signed application form (see section 4B)**

Since an original signature is required to be on file, only original applications will be accepted for opening an account;

b. **a minimum deposit of \$250.00 for California residents.**

c. **verification of the customer's social security number. Only personal social security number, not business TIN's, are accepted. Applications returned without a completed W-9 Form will have a Trans Union Credit Report run to verify the social security number. If verification of the social security number is not obtained, the new account will not be opened until a completed W-9 Form is on file at the Telebet office.**

2.) **After a new account is opened, the customer will receive the following documents:**

a. **On the Wire Policies**

b. **Current month's Racing Calendar**

c. **Account Deposit Slip**

d. **Account Withdrawal Slip**

e. Identification Card, with customer name and account number

3.) A customer service clerk will review the application.

a. If the application is not complete, the entire application packet (including check) is returned to the customer.

b. If the application is complete, a new, printed customer application file folder is created. Each application will be placed in an individual file, which is kept in a locked file cabinet, designated for California residents only.

4.) Once the application is verified, the following information is entered into the totalizator system at a Telebet supervisor's terminal.

- a. customer full legal name
- b. principal residence address
- c. Social Security Number
- d. phone number
- e. secret code word
- f. PIN number

When all information is entered and accepted, the Tote System will assign an account number, which the customer service clerk writes on the application. Data entered into the system will be verified by two customer service clerks and a supervisor for accuracy. The original application will be filed in the application file folder.

B. If an application form is used to establish an Account attach a copy of the form.

See Attachment IV

C. Name and address of the third party you will use to verify identity, residence and age verification:

Certegy
11601 Rossevelt Blvd.
St. Petersburg, FL 33716

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

A. Submit a copy of your plan for operation.

Plan of Operation

Autotote Enterprises, Inc.

On-The-Wire

Opening of an Account

Applicants for deposit accounts must supply such information as is requested by Autotote Enterprises, Inc. ("AEI") including full legal name, address, tax payer identification number, and date of birth. No bets will be processed without a social security number.

AEI reserves the right to verify social security numbers. Applicants must certify in their application that they have attained the age of 18. The minimum initial deposit required is \$250 for California residents. No minimum balance is required to keep an account open, however AEI reserves the right to close accounts that have been inactive for six or more months. AEI will accept telephone betting accounts in the name of individuals and will not accept applications for corporations, trusts, partnerships, beneficiaries or custodial accounts. Deposit accounts are non interest bearing. The account is for the personal use of the account holder and account holders will be held responsible for all bets placed through their accounts by any person providing the correct identifiers and using the account. Accounts may be accessed by the use of a code word, the Password, which may be up to ten characters. In the event that the

account holder does not remember the Password, other information may be used to verify the account holder. AEI or the account holder may change the code word at any time without explanation by informing the other party in writing of the change and the effective date of the change. Each account will have a unique number, which may be changed at any time by AEI so long as AEI informs the account holder in writing. All account holders will adhere to any methods of identification that AEI may require in order to access their account. The account holder bears the responsibility for maintaining the secrecy of his account number and code word.

Wagering Procedures

All betting conversations will be recorded. All betting transactions accepted by means other than an operator shall be electronically recorded. The tapes of these recordings will be retained for one year and made available to the California Horse Racing Board, upon request.

All telephone bets are final and no bet shall be canceled at any time after the bet has been accepted unless all bets in the relevant pool are canceled, or unless the request to cancel the bet is made during the single betting conversation in which the bet to be canceled was made.

Once a betting conversation has ended, all bets made in such conversation are final and irrevocable.

Autotote reserves the right at any time to refuse all or part of any bets. Autotote reserves the right to declare betting closed at any time, with the approval of the State of Connecticut, on any pari-mutuel pool race, group of races or closed for all betting. In the event that AEI closes account wagering during normal operating hours, a written report will be filed with the California Horse Racing Board within 48 hours.

Payment on winning pari-mutuel telephone bets will be posted to the credit of the account holder as soon as the race is declared official, barring technical difficulties.

Connecticut law requires that in the event there is a failure to merge pools with a track, a separate Connecticut pool will be created and Connecticut odds will be paid. Connecticut odds may differ from track odds. A surcharge will not be charged on any wager.

How to Wager

Wagering Sequence:

- 1.Account Number
- 2.Password (You will then be given your balance)
- 3.Track Name
- 4.Race number
- 5.Dollar Amount
- 6.Type of Bet (Win-Place-Show etc.)
- 7.Entry Number or Entry Name

Interactive Voice Response

A customer can bet using the touch tone key pad on a phone and no one except the customer will be aware they are placing a wager through their phone account.

Tax Information

Effective August 1, 2001, IRS withholdings will be at 27.5% when winnings are greater than \$5,000.00. Winnings are reportable when the odds are at least 300 to 1.

Deposits to an Account

Money Orders and Cashier Checks will be posted to accounts upon receipt when drawn on an American Bank. Personal checks will not be posted to the credit of an account until the designated hold periods have been met. Checks drawn on business or corporate accounts will not be accepted. Wire transfers to our bank are accepted. Deposits can be made via credit card through Cash Systems, Inc. All checks are payable to Autotote Enterprises, Inc. Customers can make a deposit via mail by sending it to the address enclosed. AEI reserves the right to refuse deposits to the establishment or maintenance of accounts for any reason that it deems to be good and sufficient.

maintenance of accounts for any reason that it deems to be good and sufficient.

Withdrawal from an Account

Withdrawals will be made by check upon receipt of a written request. Written requests must include an original signature for identification purposes. Any California resident in Connecticut can make a withdrawal at any CT Off-Track-Betting Facility.

If an account balance is insufficient to cover the requested withdrawal amount, no withdrawal will be made. Withdrawals can be forwarded to the office in New Haven, CT., by fax. Withdrawal checks will be processed immediately upon receipt of a written request.

Rules and Regulations

All wagering is subject to the Rules and Regulations as set forth in Attachment V and the applicable provisions of the California Business and Professional Code. AEI will provide a written statement of account activity annually. An account holder may request a statement at any time for the current year or previous 4 years. Unless written notice to the contrary is received by the association within fourteen (14) days of the date that any such statement is rendered to an account holder, said statement shall be deemed accepted by the account holder as correct in any and all particulars. No employee of the telephone deposit center shall divulge any confidential information related to any wager or the operation of the telephone deposit center. The address provided by the account holder to the association is deemed to be the proper address for the purposes of mailing checks, statements of the accounts, account withdrawals, notices, or other appropriate correspondence unless written notification is on file.

Closing of an Account

AEI reserves the right to suspend or to close any account at any time, provided that, when the account is closed the funds on deposit are returned to the account holder, less applicable service charges. Each year AEI will close those accounts, which have remained inactive for a period of six months or longer. Prior to closing, notification will be sent informing the customer when the account will be closed if no activity is generated. Upon closing, service charges will apply not to exceed one dollar per month for the accounts with balances of six dollars or less. Accounts with balances over six dollars will have all money returned to the account holder. All checks returned due to wrong address will be voided and no further attempts will be made to contact the customer. In the event that an account holder is deceased, funds in the account shall be released to the descendant's legal representative upon receipt of a copy of a valid death certificate and other documents as required. Ownership of a Telephone Betting Account can not be transferred from one individual to another. Upon written request an account can be closed and all moneys forwarded to the account holder.

Disclaimer: Every effort will be made to provide correct information, but occasionally errors may occur. Autotote Enterprises' personnel, phone wagering operators, managers, etc., are not responsible if information, disseminated, either verbally or written, is inaccurate. Autotote Enterprises disclaims responsibility for consequences that may result, if any, for such errors.

- B. List the type of deposits you will accept:

See Plan of Operation; Deposits to an Account

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

As stated in section 5A, Plan of Operation; Closing of an Account: the only fees charged by On-The-Wire will be a service charge for inactive accounts of 6 months or more. This fee will not exceed \$6.

6. SECURITY ACCESS

A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

We verify identity, residence, and age of a potential patron through services and equipment supplied by Certegy. Certegy provides us with the Trans 330 processing machine, which via modem is connected to their comprehensive database. Through the use of the applicant's drivers license and or social security card we are able to verify information supplied on the application to the Certegy database. Certegy was founded in 2001 as a spin-off of Equifax, the leading provider of consumer and commercial credit information worldwide.

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

- a. Access to customer information is limited to employees with access to an Account Wagering Executive Console. These people also need a password and ID assigned to operate the console. Only Telebet Supervisory staff and Telebet Customer Service staff have access.

- b. See Attachment V, State of CT regulations Sec. 12-574-F60(r)
Responsibility of account holder

- c. See Plan of Operation: Opening an Account

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Funds may be withdrawn from a Telebet account in the following manners:

1. completed withdrawal slip, or written request sent to the Telebet center including amount of withdrawal and written signature. The signature will be verified with the signature on the original application. If signature verification is not obtained, no withdrawal will be made. The Telebet center will issue a check immediately upon receipt of such a request and mail to the address provided by the customer. If sufficient funds are not available in the account to cover the requested amount, no withdrawal will be made. The customer will be contacted either via phone call or in writing that funds were not sufficient to cover the requested amount.
2. Customers may enter one of the following sites in the State of Connecticut and request a withdrawal from their account after providing the proper means of identity. A photo ID and social security number must be received prior to the withdrawal being processed. The branch location will call the Telebet center with the information to assure sufficient funds are available for withdrawal. In a branch site the customer may receive either cash or a check for the amount requested.

The locations in the State of Connecticut to process a withdrawal are as follows:

AEI CT Sites:

Telebet Center	Sports Haven
Bridgeport OTB	Bradley Teletheater
Bristol OTB	Mohegan Sun Casino Race Book
East Haven OTB	Torrington OTB

Waterbury OTB Norwalk OTB
Milford OTB West Haven OTB
New Britain OTB

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All records will be retained in the Telebet Office for the period of two (2) years. At the end of this period the records will be transferred to AEI Archives at the following location:

**Jefferson Archives
26 Mill Street
New Haven, CT 06513**

**Phone # (203) 562-8350
Fax # (203) 562-0149**

Operating Hours: Monday through Friday 8:30am to 5pm

All AEI records will be maintained for the period of five (5) years.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

**KPMG
1600 Market Street
Philadelphia, PA 19103-7279
(215) 299-1823**

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

**1.) Autotote Systems, Inc. Eclipse Totalizator System
TAT– Autotote Systems, Inc. Telephone Account Terminal
IVR – Autotote Systems, Inc. Microlog Automated Teller**

2.) Autotote Systems, Inc. and Autotote Enterprises, Inc. are part of the same parent company, Scientific Games, and therefore there is no service contract.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

CT OTB/TELEPHONE WAGERING ACCEPTS
WAGERING FROM THE FOLLOWING TRACKS

Aqueduct	Harrington Raceway	Remington Park
Arlington Park	Hawthorne	River Downs
Atlantic City	Hialeah	Rockingham Park
Australia	Hollywood Greyhounds	Sam Houston
Balmoral	Holly wood Park	Santa Anita
Bay Meadows	Hoosier Park	Saratoga
Belmont	Jacksonville	Saratoga Harness
Beulah	Keeneland	Seminole
Bluffs Run	Kentucky Downs	Shoreline Star
Calder	Laurel	Sportsmans Park
Churchill Downs	Lincoln Park	Stable Wars (Churchill)
Colonial Downs	Lone Star Park	Suffolk Downs
Dania Jai-Alai	Los Alamitos	Tampa Bay Downs
Del Mar	Maywood Park	Tampa G.T.
Delaware County Fair	Meadowlands – T & H	The Meadows
Delaware Park	Mohawk	Thistledown
Derby Double (Churchill)	Monmouth Park	Timonium
Derby Lane	Monticello Raceway	Tropical Park
Dover Downs	Mountaineer	Turf Paradise
Dubai World Cup	Northampton Fair	Turfway Park
Ellis Park	Northern California Fairs	Wonderland
Emerald Downs	Northfield	Woodbine – T&H
Evangeline Downs	Oaklawn Park	Yonkers
Fair Grounds	Orange Park	
Fairplex	Palm Beach K.C.	
Finger Lakes	Penn National	
Flagler	Phoenix	
Freehold	Pimlico	
Golden Gate	Plainfield	
Great Lakes Downs	Pocono Downs	
Gulfstream	Red Mile	

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Dictaphone
PO Box 856120
Louisville KY 40285

Cash Systems
3201 W. County Rd. 42
Suite 106
Burnsville MN 55306

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed: None

9. ADVERTISING

Name and address of the advertising agency you will use: **To be determined**

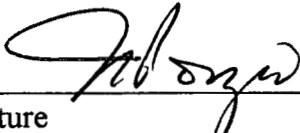
NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

John Ponzio
Print Name

President
Print Title


Signature

12/30/01
Date

**STAFF ANALYSIS
REQUEST FOR AMENDMENT OF LICENSE
TO ADD THE KENTUCKY DERBY FUTURE WAGER**

**REGULAR BOARD MEETING
JANUARY 24, 2002**

Background:

The Los Angeles Turf Club (LATC) is requesting that the Board approve an amendment to its current license. They wish to amend their pari-mutuel format to include the Kentucky Derby Future Wager. If the Board wishes, they can now approve such a request since the Association of Racing Commissioners (ARCI) added a future wager to their parimutuel rules last year. Section 19599 of the Horse Racing Law allows the use of ARCI parimutuel rules in California with the Board's approval. A description of the pools comprising the future wager and other details are included in a letter from the association. An interesting feature of this wager is that the three separate future pools will be available during the LATC meet, but the final payouts will not be determined until the running of the Derby in early May during the race meet at Hollywood Park. The two associations are working together on this wager to assure a seamless implementation of the new offering for their patrons.

Recommendation:

Staff recommends that the Board approve this request.



January 9, 2002

Mr. Roy Wood, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95285

Dear Roy:

The Los Angeles Turf Club requests the addition of the Kentucky Derby future wager to our wagering format.

The future wager will consist of 3 separate pools. The first pool will open February 14 at the start of betting and will close on February 17 at 2:30 P.M. Pacific time.

The second pool will open at the start of betting on March 14 and close on March 17 at 2:30 P.M. Pacific time.

The third and final pool will open at the start of betting on April 4 and close on April 7 at 2:30 P.M. Pacific time.

Each pool will consist of 23 runners and one field entry.

Winning wagers may be cashed after the running of the Kentucky Derby on May 4.

The future bet is a win bet with a \$2 minimum.

If you have any questions or concerns, please contact me at your convenience.

Sincerely,

George Haines
Vice President, Operations
& Assistant G.M.
Los Angeles Turf Club, Inc.

**STAFF ANALYSIS
REQUEST FOR RETROACTIVE AMENDMENT OF LICENSE
TO CHANGE THE CHARITY DAY DISTRIBUTING AGENT**

**REGULAR BOARD MEETING
JANUARY 24, 2002**

Background:

The sections of the Horse Racing Law that mandates the conduct of charity racing days requires the designation of a distributing agent for the funds generated by the charity days. For many years this meant that a third party organization independent of the racing association was designated to fulfill this function. However, in recent years the law has been amended to allow racing associations, meeting certain criteria, to act as their own distributing agents. In 2000, based on the amended law, Bay Meadows Operating Company opted to act as its own charity day distributing agent when filing its license application. The Bay Meadows Foundation, the organization that had been the distributing agent, took issue with this change and based on a prior agreement with the racing association regarding charity days pursued a legal remedy to the situation. A recent settlement of that matter included a reinstatement of the Bay Meadows Foundation as the distributing agent for Bay Meadows on a retroactive basis for 2001 as well as for future race meets.

Recommendation:

Staff recommends that the Board approve this request.



2001 DEC 21 PM 12:58

F. Jack Liebau
President

December 22, 2001

Mr. Roy C. Wood
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Roy:

It is hereby requested that the Board, at its January, 2002, Meeting, consider the retroactive amendment of the License Applications of Bay Meadows for its Spring and Fall, 2001, Race Meets in order to provide that the distributing agent of the charitable funds for those Meets be the Bay Meadows Foundation.

Very truly yours,

F. Jack Liebau

FJL:mf

cc: John Reagan

**STAFF ANALYSIS
REQUEST FOR APPROVAL OF
CHARITY DISTRIBUTION**

**REGULAR BOARD MEETING
JANUARY 24, 2002**

Background:

The Hollywood Park Racing Charities, Inc., is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$232,100. The list of 40 beneficiaries is attached for your review. Approximately 54% of the total dollars distributed will go to charities associated with the horse racing industry.

Recommendation:

Staff recommends that the Board approve this request.

**Hollywood Park Racing
Charities, Inc.**

1050 South Prairie Avenue
Inglewood, California 90301

Mailing Address:

P.O. Box 369
Inglewood, California 90306

(310) 419-1500

President and Chairman:

Tirso Del Junco, M.D.

Secretary:

Barbara Richardson Knight

Treasurer:

Angie Dickinson

Vice Presidents:

Willie D. Davis
Alvin Segel, Esq.

2002 JUL 10 PM 1:27

December 17, 2001

Mr. Roy Wood
Executive Secretary
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Wood:

Enclosed is the list of grants from the Hollywood Park Racing Charities, Inc. We hope this meets with the Board's approval at their next meeting.

If you have any questions, please call Julie Hale at (310) 419-1518.

Sincerely,



Tirso del Junco, M.D.
Chairman & President

jh

Enclosures

Hollywood Park Racing Charities, Inc. - 2001

Culture

Greater Los Angeles Zoo Association	<u>\$2,500</u>
	\$2,500

Education

Oak Street School	\$2,500
One World, Our World International Inc.	\$1,000
Operation Hope, Inc.	<u>\$3,000</u>
	\$6,500

Health

Children's Dental Center of Inglewood	\$5,000
Santa Marta Hospital	\$5,000
Villa Scalabrini	<u>\$2,500</u>
	\$12,500

Miscellaneous

100 Black Men of America, Inc.	\$1,000
Actors & Others for Animals	\$2,000
L. A. Metro Special Olympics	\$5,000
Los Angeles NAACP	\$7,500
Los Angeles Urban League	\$7,500
Pet Orphans Fund	\$1,000
So. California Special Olympics	<u>\$5,000</u>
	\$29,000

Racing

California Thoroughbred Breeder's Foundation	\$5,000
California Thoroughbred Horsemen's Foundation	\$31,000
Don MacBeth Memorial Jockey Fund	\$16,000
NTRA Charities - Racehorse Adoption Program	\$5,000
Race Track Chaplaincy	\$8,500
Shoemaker Foundation	\$30,000
U C Regents - Center for Equine Health	\$2,500
Tranquility Farm	\$7,500
Winners Foundation	<u>\$20,600</u>
	\$126,100

Social Services

California Council on Problem Gambling	\$2,000
Centinela Valley Juvenile Diversion Project	\$2,500
Childrens Bureau of So. California	\$2,500
Inglewood After School Program	\$2,500
Inglewood Recreation Department	\$2,500
Inglewood Neighborhood Housing Services	\$2,500
Inglewood Senior Citizens Center	\$2,500
International Life Services	\$10,000
Los Angeles Regional Foodbank	\$2,000
McCobb Ministries	\$1,000
Meals on Wheels	\$5,000
Sabriya's Castle of Fun Foundation	\$4,000
Saint Margaret's Center	\$5,000
Salesian Boys & Girls Club	\$2,500
Salvation Army	\$3,000
Watts/Willowbrook Boys & Girls Club	\$2,500
YMCA of Metropolitan Los Angeles	<u>\$3,500</u>
	\$55,500

TOTAL	\$232,100
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**STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS**

**REGULAR BOARD MEETING
JANUARY 24, 2002**

Background:

This item contains end-of-meet reports for recently concluded race meets. Staff is prepared to answer questions regarding the information presented.

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board meeting, January 24, 2002. This report includes summaries for the following racing meetings: PACIFIC RACING ASSOCIATION, BAY MEADOWS OPERATING COMPANY, CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK, and LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION.

Pacific Racing Association

December 26, 2000 – December 17, 2001

Race days: 103

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	3.03%
Ave. On-track	-9.54%
Ave. Off-track	-2.49%
Ave. Interstate-exported	12.32%
Ave. daily attendance-Calif.	-8.68%
Ave. On-track	-8.92%
Ave. Off-track	-8.90%

Bay Meadows

April 4 – November 5, 2001

Race days: 107

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-3.60%
Ave. On-track	2.53%
Ave. Off-track	1.78%
Ave. Interstate-exported	-10.62%
Ave. daily attendance-Calif.	-4.85%
Ave. On-track	-5.30%
Ave. Off-track	-4.47%

Churchill Downs Fall at Hollywood Park

November 7 – December 17, 2001

Race days: 31

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	3.41%
Ave. On-track	-1.42%
Ave. Off-track	5.74%
Ave. Interstate-exported	3.79%
Ave. daily attendance-Calif.	1.70%
Ave. daily on-track	6.74%
Ave. daily off-track	-1.85%

January 24, 2002

Los Alamitos Quarter Horse Racing Association

January 5 – December 16, 2001

Race days: 181

AVERAGE DAILY STATISTICS

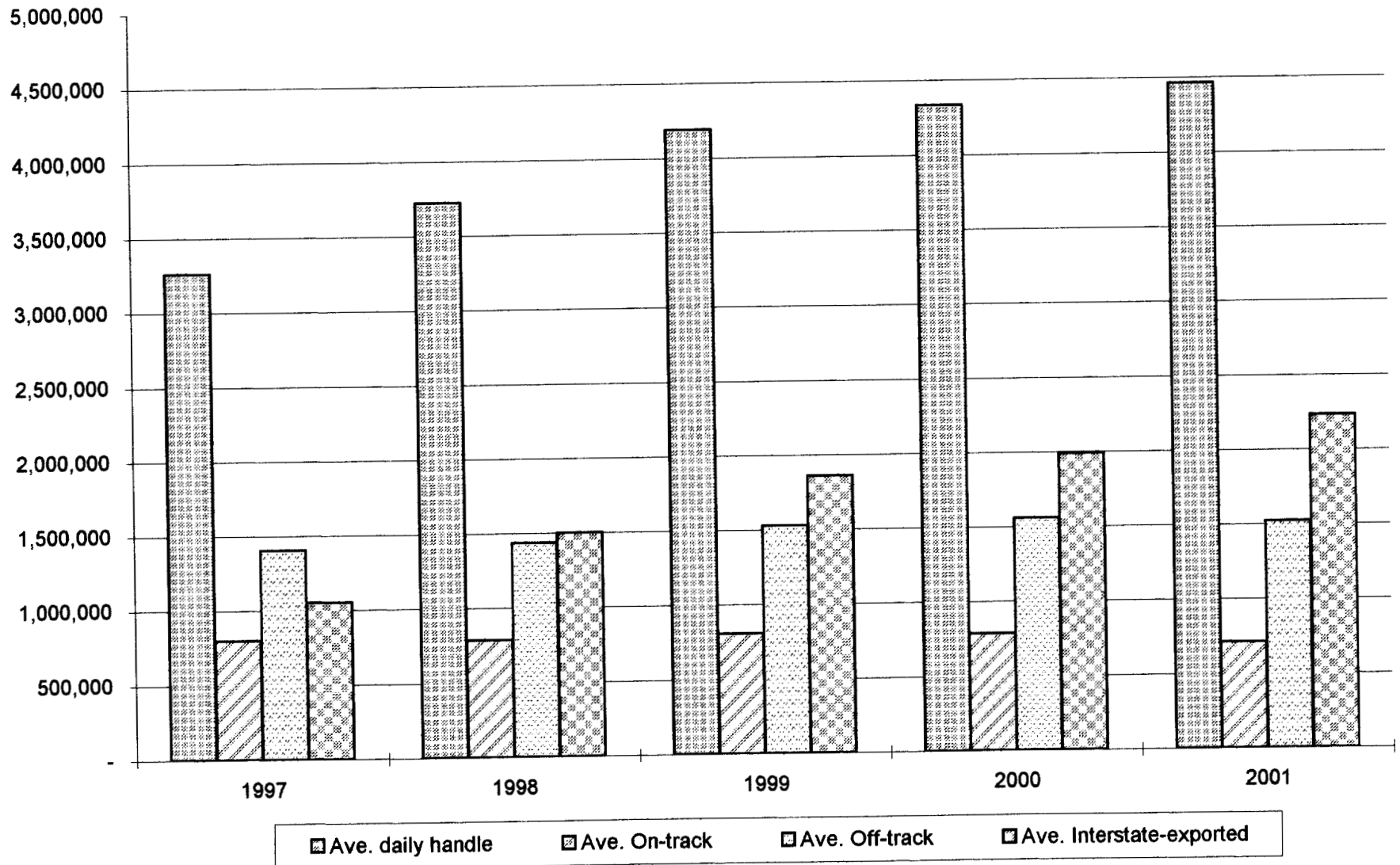
	PERCENTAGE CHANGE
Ave. daily handle	-0.97%
Ave. On-track	-5.20%
Ave. Off-track	-4.20%
Ave. Interstate-exported	14.81%
Ave. daily attendance-Calif.	-0.35%
Ave. On-track	0.49%
Ave. Off-track	-0.69%

PACIFIC RACING ASSOCIATION

YEAR	1997	1998	1999	2000	2001
Total race days	107	107	105	106	103
Total Handle	348,850,629	398,251,404	440,111,686	459,227,040	459,739,751
On-track	85,731,195	84,148,185	84,639,992	83,295,095	73,216,450
Off-track	150,463,629	153,421,184	160,301,430	165,232,318	156,565,122
Interstate-exported	112,655,805	160,682,035	195,170,264	210,699,628	229,958,180
Live	228,409,002	268,285,213	298,213,050	311,581,162	318,639,108
Intrastate-imported	101,744,223	99,340,704	88,622,895	89,286,889	82,185,912
Interstate-imported	11,132,326	13,260,470	52,069,662	58,358,989	58,875,547
International-imported	7,565,078	17,365,017	1,206,079	0	39,185
Ave. daily handle	3,260,286	3,721,976	4,191,540	4,332,331	4,463,493
Ave. On-track	801,226	786,432	806,095	785,803	710,839
Ave. Off-track	1,406,202	1,433,843	1,526,680	1,558,795	1,520,050
Ave. Interstate-exported	1,052,858	1,501,701	1,858,764	1,987,732	2,232,604
Ave. California handle	2,207,428	2,220,274	2,332,775	2,344,598	2,230,889
Ave. Live	2,134,664	2,507,338	2,840,124	2,939,445	3,093,584
Ave. Intrastate-imported	950,881	928,418	844,028	842,329	797,921
Ave. Interstate-imported	104,040	123,930	495,902	550,556	571,607
Ave. International-imported	70,702	162,290	11,486	0	380
Total takeout	66,927,143	76,775,631	84,536,241	88,701,910	89,175,868
Effective takeout	19.19%	19.28%	19.21%	19.32%	19.40%
State license fees	8,422,404	8,290,333	3,585,328	3,431,948	3,200,408
State %	2.41%	2.08%	0.81%	0.75%	0.70%
Track commissions	13,383,493	14,189,623	17,465,538	18,046,569	17,535,663
Track %	3.84%	3.56%	3.97%	3.93%	3.81%
Horsemen purses	13,207,003	13,971,167	17,112,888	17,670,341	17,083,967
Horsemen %	3.79%	3.51%	3.89%	3.85%	3.72%
Total California attendance	969,057	949,286	890,095	845,456	750,237
On-track	356,729	353,064	328,561	310,020	276,262
Off-track	612,328	596,222	561,534	535,436	473,975
Ave. daily attendance	9,057	8,872	8,477	7,976	7,284
Ave. daily on-track	3,334	3,300	3,129	2,925	2,682
Ave. daily off-track	5,723	5,572	5,348	5,051	4,602
Live race events	914	913	892	899	874
Live starts	7,083	6,816	7,295	7,162	6,521
Average start per event	7.7	7.5	8.2	8.0	7.5
Ave. handle per start	32,247	39,361	40,879	43,505	48,864

CHART1

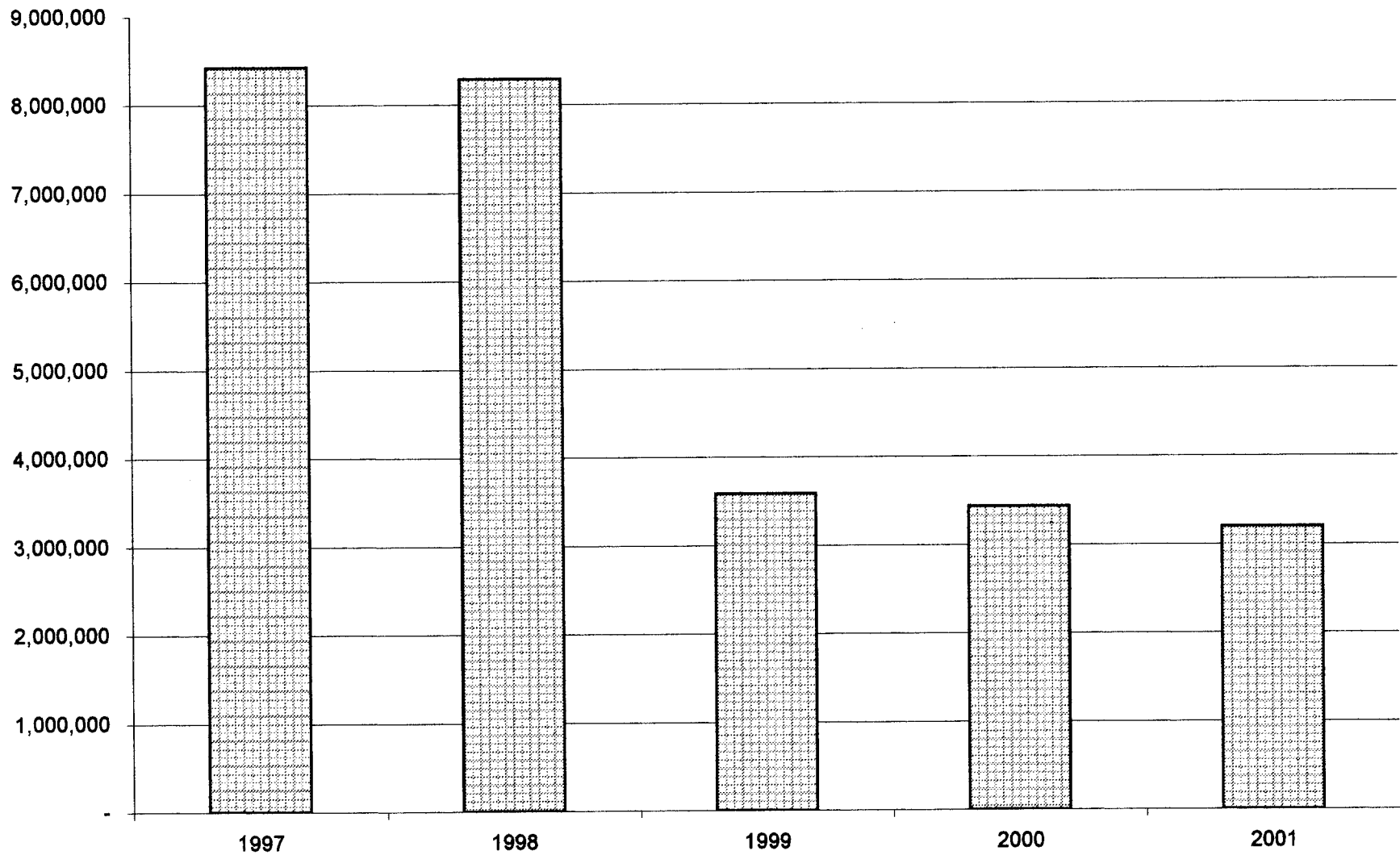
PACIFIC RACING ASSOCIATION



AVERAGE DAILY HANDLE

Chart2

PACIFIC RACING ASSOCIATION



PARIMUTUEL LICENSING FEES

Chart3

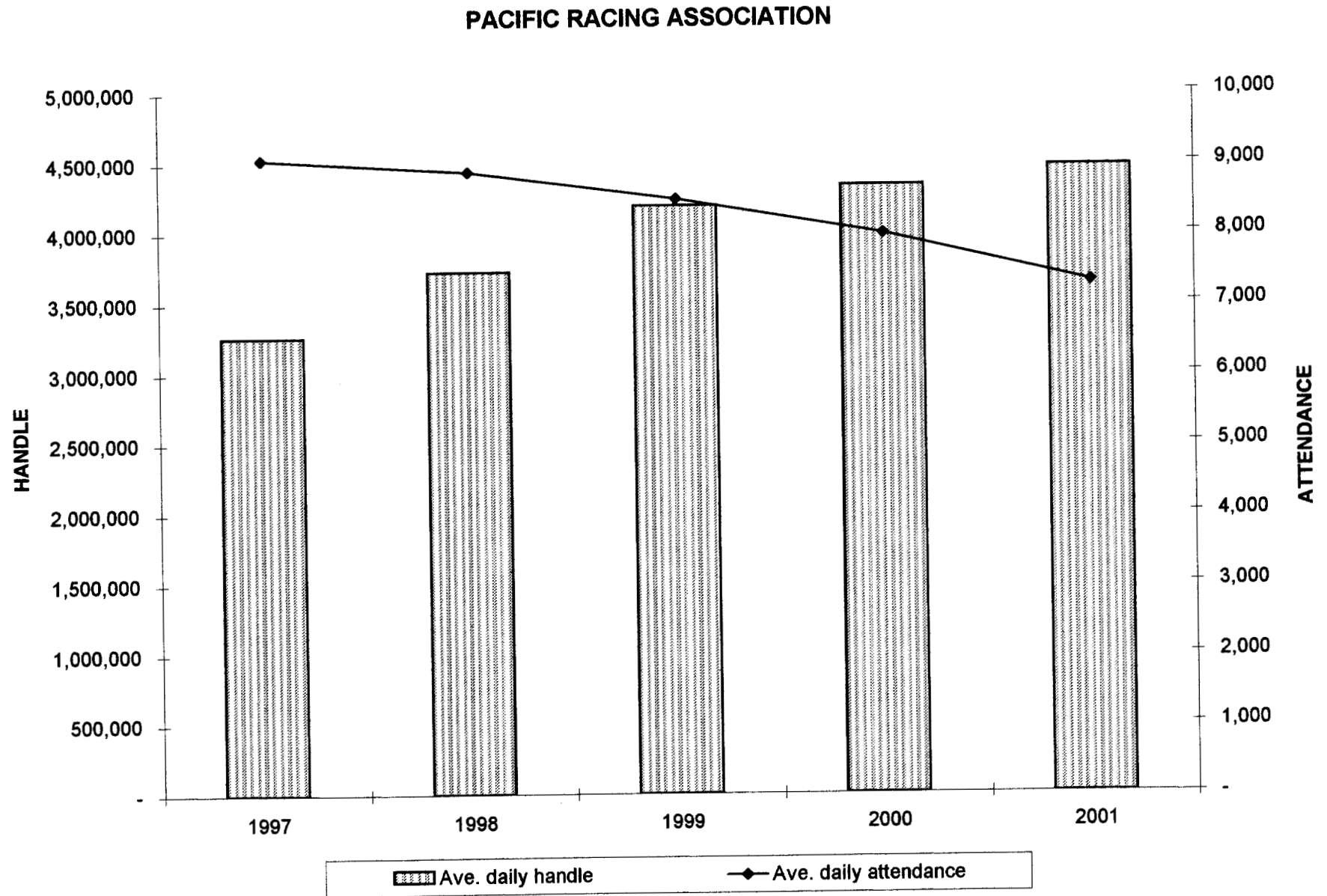
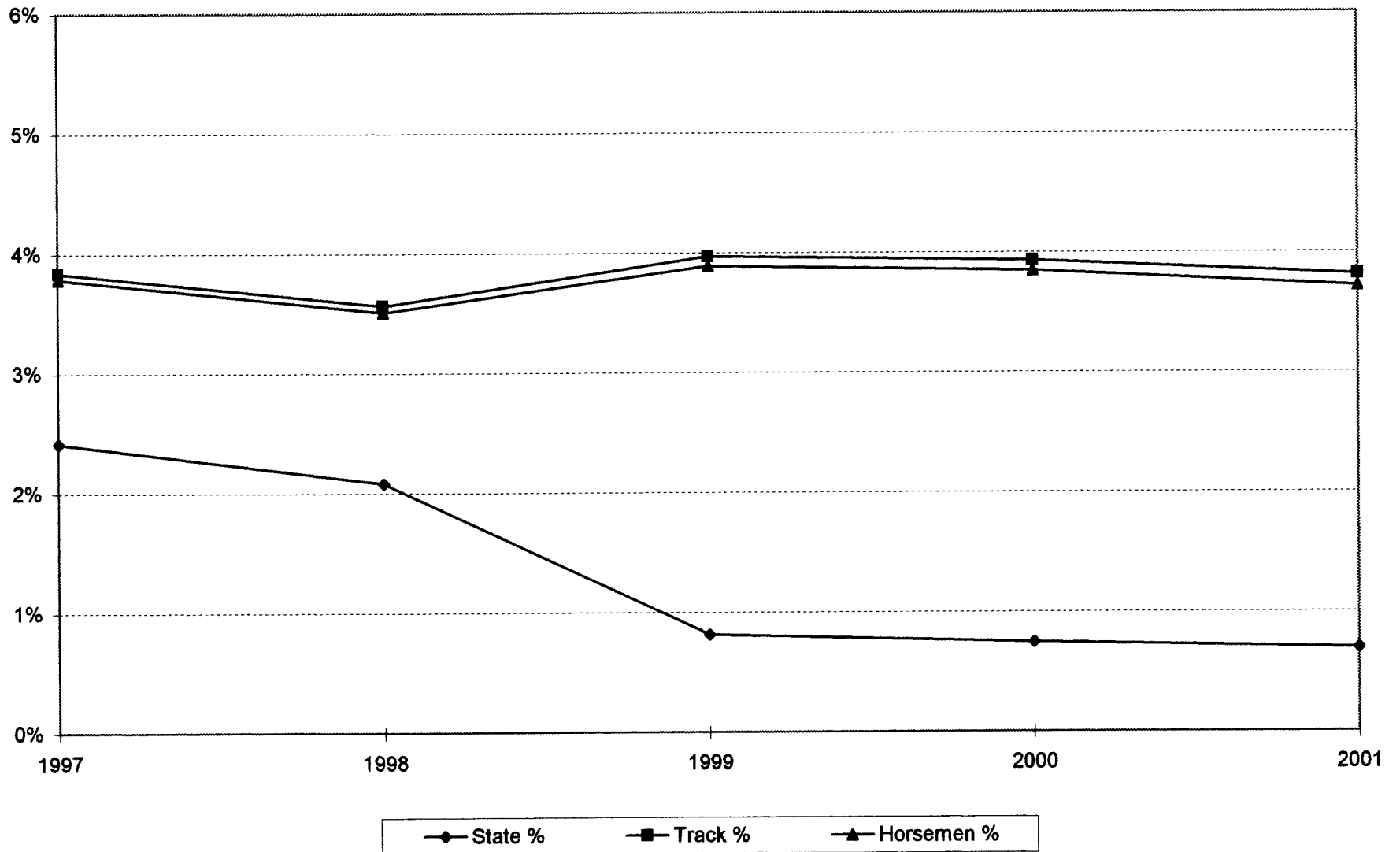


Chart4

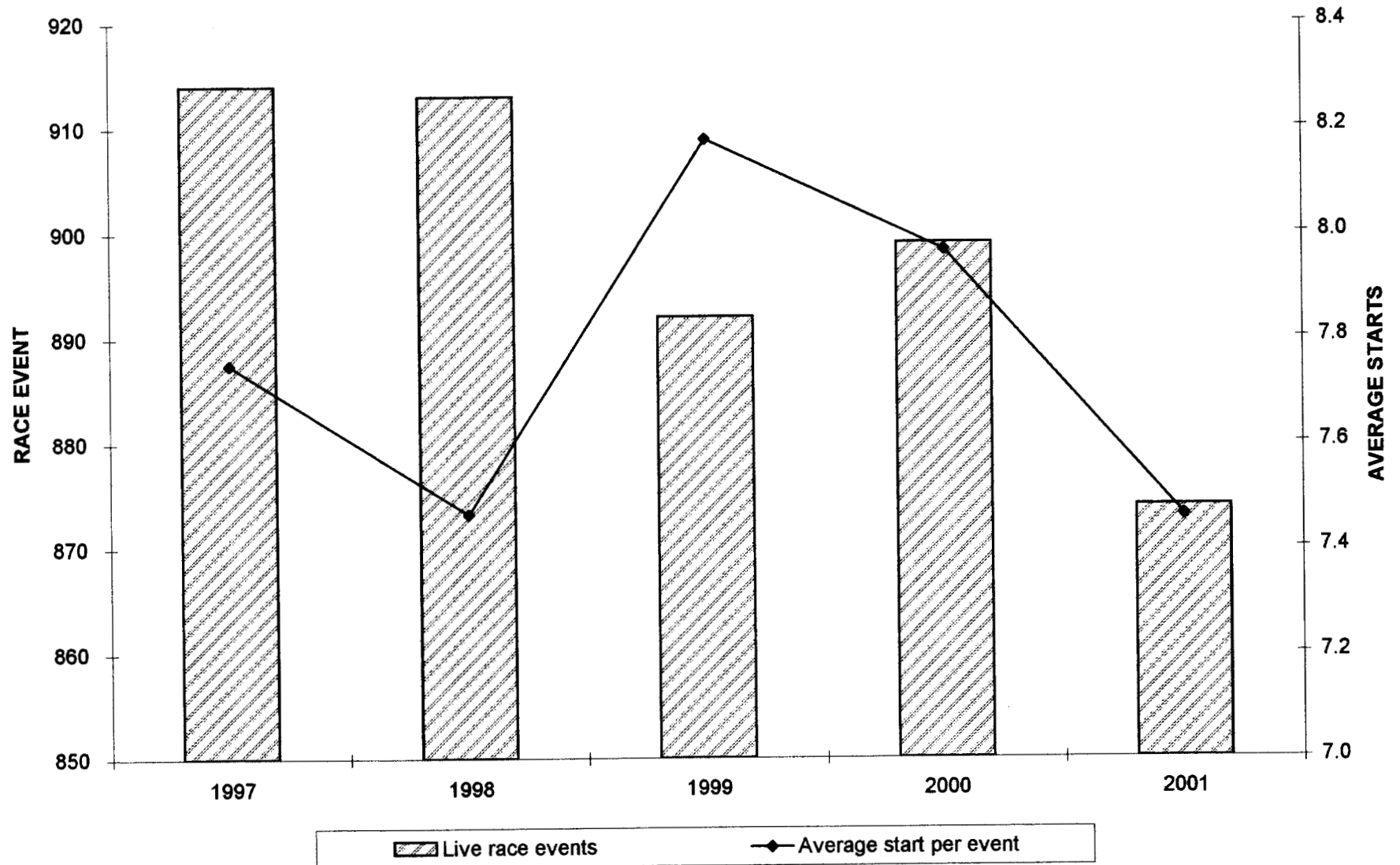
PACIFIC RACING ASSOCIATION



DISTRIBUTION OF HANDLE

Chart5

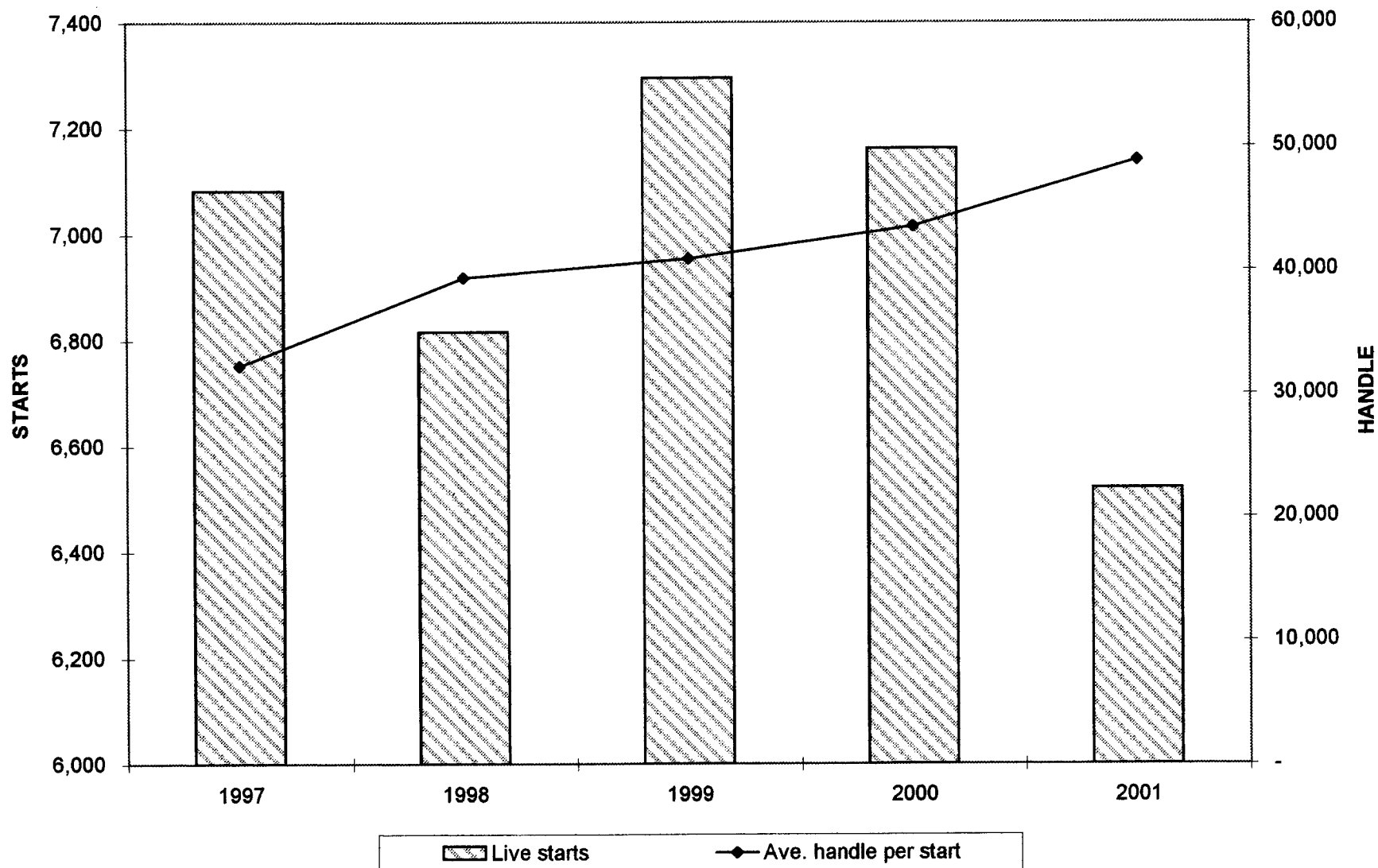
PACIFIC RACING ASSOCIATION



TOTAL EVENTS VS. AVERAGE START PER EVENT

Chart6

PACIFIC RACING ASSOCIATION



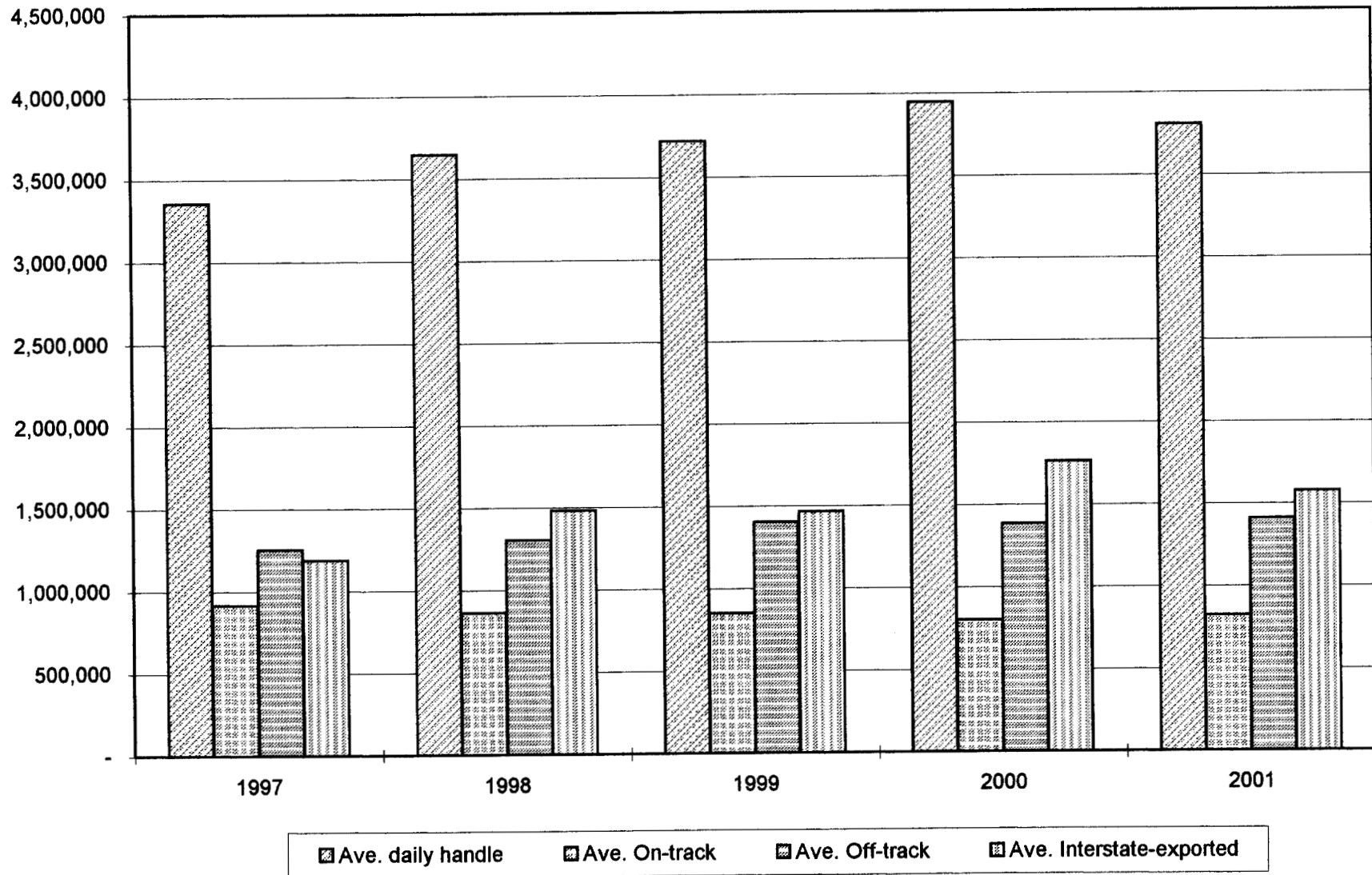
STARTS TO HANDLE

BAY MEADOWS OPERATING COMPANY

YEAR	1997	1998	1999	2000	2001
Total race days	107	106	102	106	107
Total Handle	359,257,802	386,512,518	379,437,018	418,364,529	407,103,790
On-track	97,956,927	91,315,010	86,789,371	84,918,281	87,888,578
Off-track	134,216,329	138,087,935	143,272,645	146,716,118	150,741,919
Interstate-exported	127,084,546	157,109,572	149,375,002	186,730,130	168,473,294
Live	242,817,435	260,812,912	244,659,521	279,013,248	253,516,975
Intrastate-imported	94,339,276	91,956,183	81,129,900	80,220,758	81,338,720
Interstate-imported	6,875,992	11,224,326	52,630,277	58,868,473	72,006,713
International-imported	15,225,099	22,519,097	1,017,320	262,050	241,383
Ave. daily handle	3,357,550	3,646,345	3,719,971	3,946,835	3,804,708
Ave. On-track	915,485	861,462	850,876	801,116	821,389
Ave. Off-track	1,254,358	1,302,716	1,404,634	1,384,114	1,408,803
Ave. Interstate-exported	1,187,706	1,482,166	1,464,461	1,761,605	1,574,517
Ave. California handle	2,169,844	2,164,179	2,255,510	2,185,230	2,230,192
Ave. Live	2,269,322	2,460,499	2,398,623	2,632,200	2,369,318
Ave. Intrastate-imported	881,675	867,511	795,391	756,800	760,175
Ave. Interstate-imported	64,262	105,890	515,983	555,363	672,960
Total takeout	69,628,514	74,925,558	73,821,949	81,633,916	79,306,492
Effective takeout	19.38%	19.39%	19.46%	19.51%	19.48%
State license fees	7,963,982	7,645,617	2,876,088	2,984,145	2,703,250
State %	2.22%	1.98%	0.76%	0.71%	0.66%
Track commissions	14,008,314	14,113,711	16,562,560	17,139,830	17,096,208
Track %	3.90%	3.65%	4.37%	4.10%	4.20%
Horsemen purses	13,732,007	13,805,742	16,185,875	16,783,957	16,461,852
Horsemen %	3.82%	3.57%	4.27%	4.01%	4.04%
California attendance	1,013,791	988,229	924,889	882,048	847,225
On-track	471,888	452,692	420,592	400,003	382,384
Off-track	541,903	535,537	504,297	482,045	464,841
Ave. daily attendance	9,475	9,323	9,068	8,321	7,918
Ave. daily on-track	4,410	4,271	4,123	3,774	3,574
Ave. daily off-track	5,065	5,052	4,944	4,548	4,344
Total race events	907	954	894	913	916
Starts	7,182	6,728	6,864	6,514	6,436
Ave. per event	7.9	7.1	7.7	7.1	7.0
Ave. handle per start	33,809	38,765	35,644	42,833	39,390

Chart1

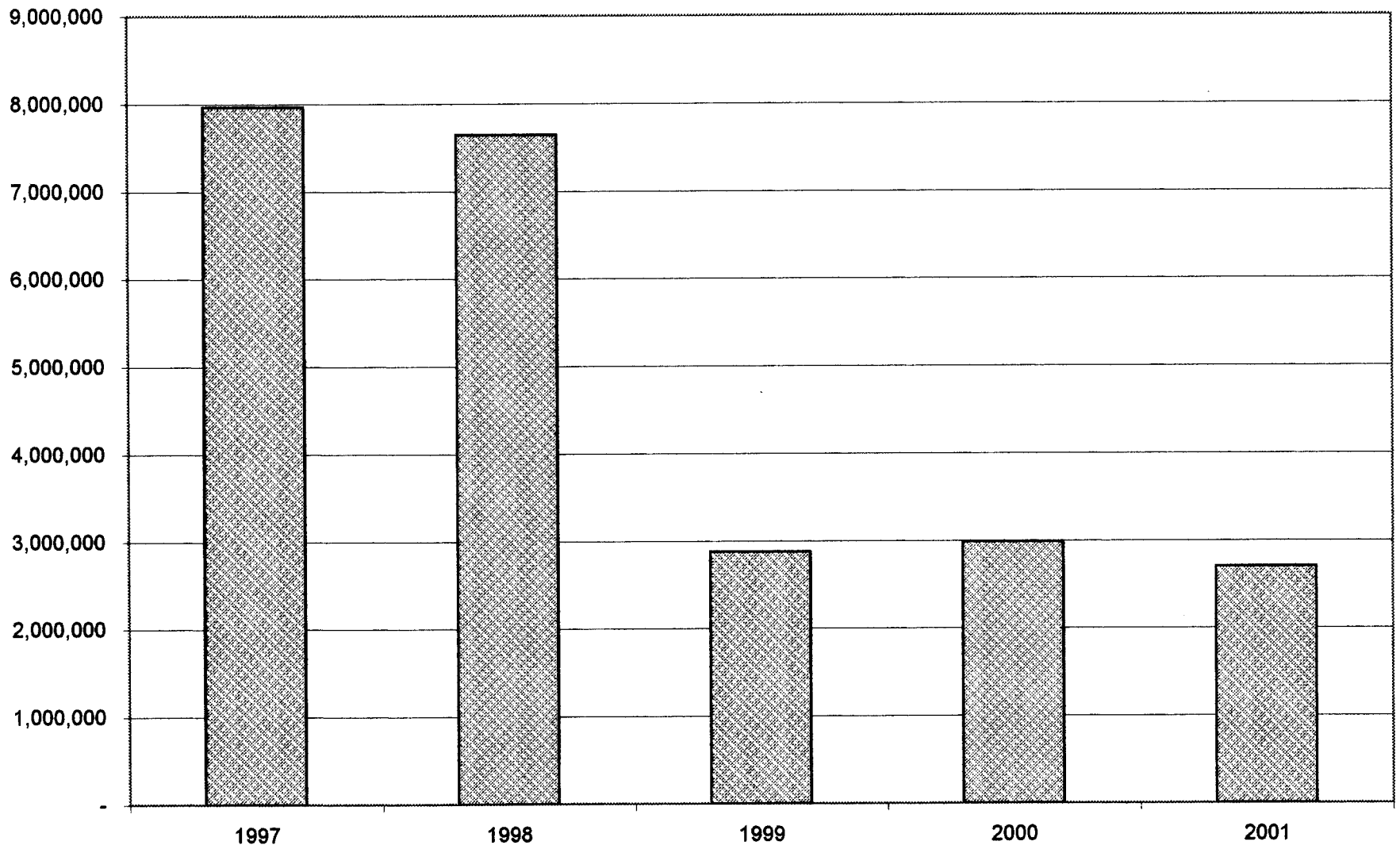
BAY MEADOWS OPERATING COMPANY



AVERAGE DAILY HANDLE

Chart2

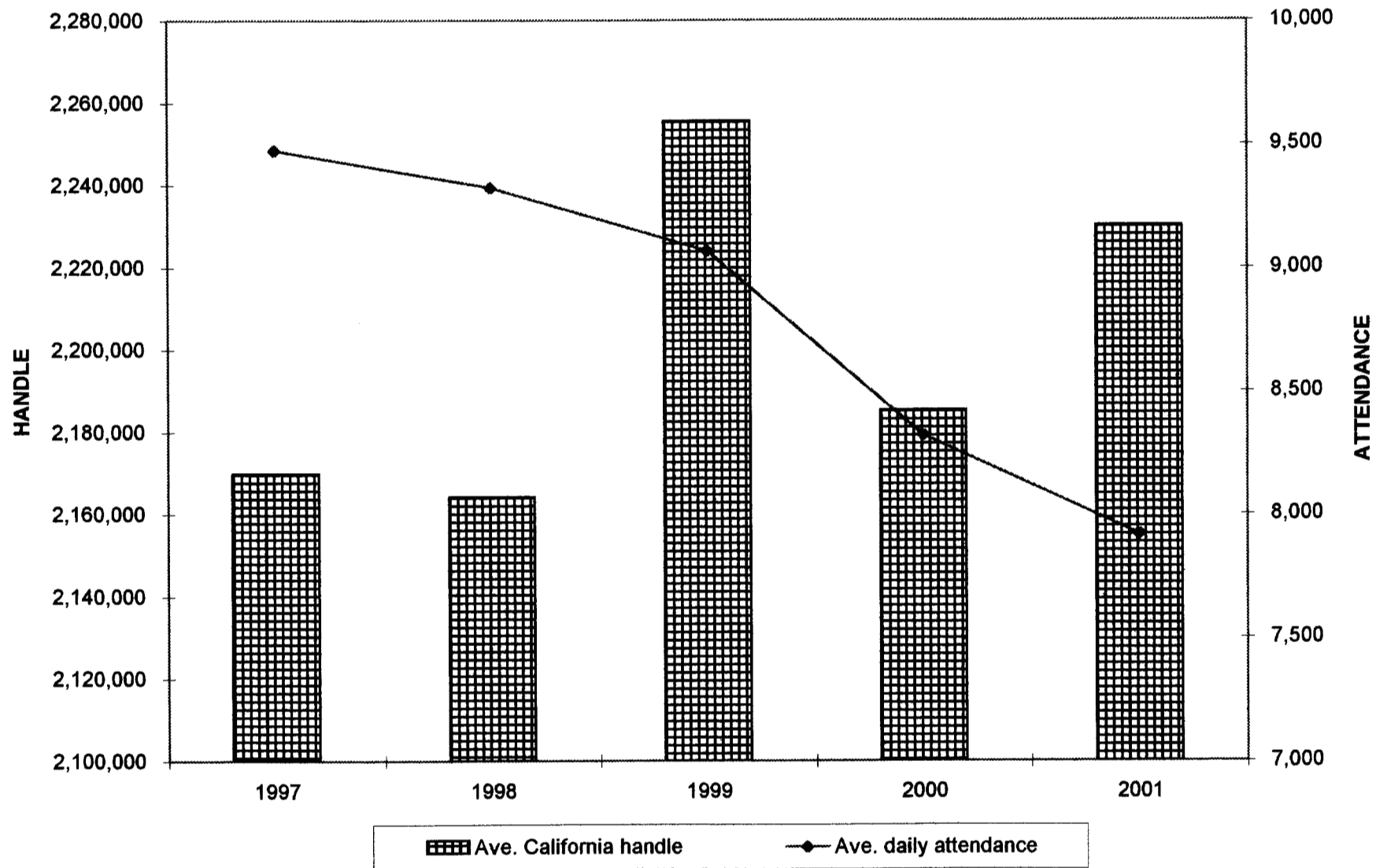
BAY MEADOWS OPERATING COMPANY



PARIMUTUEL LICENSING FEES

Chart3

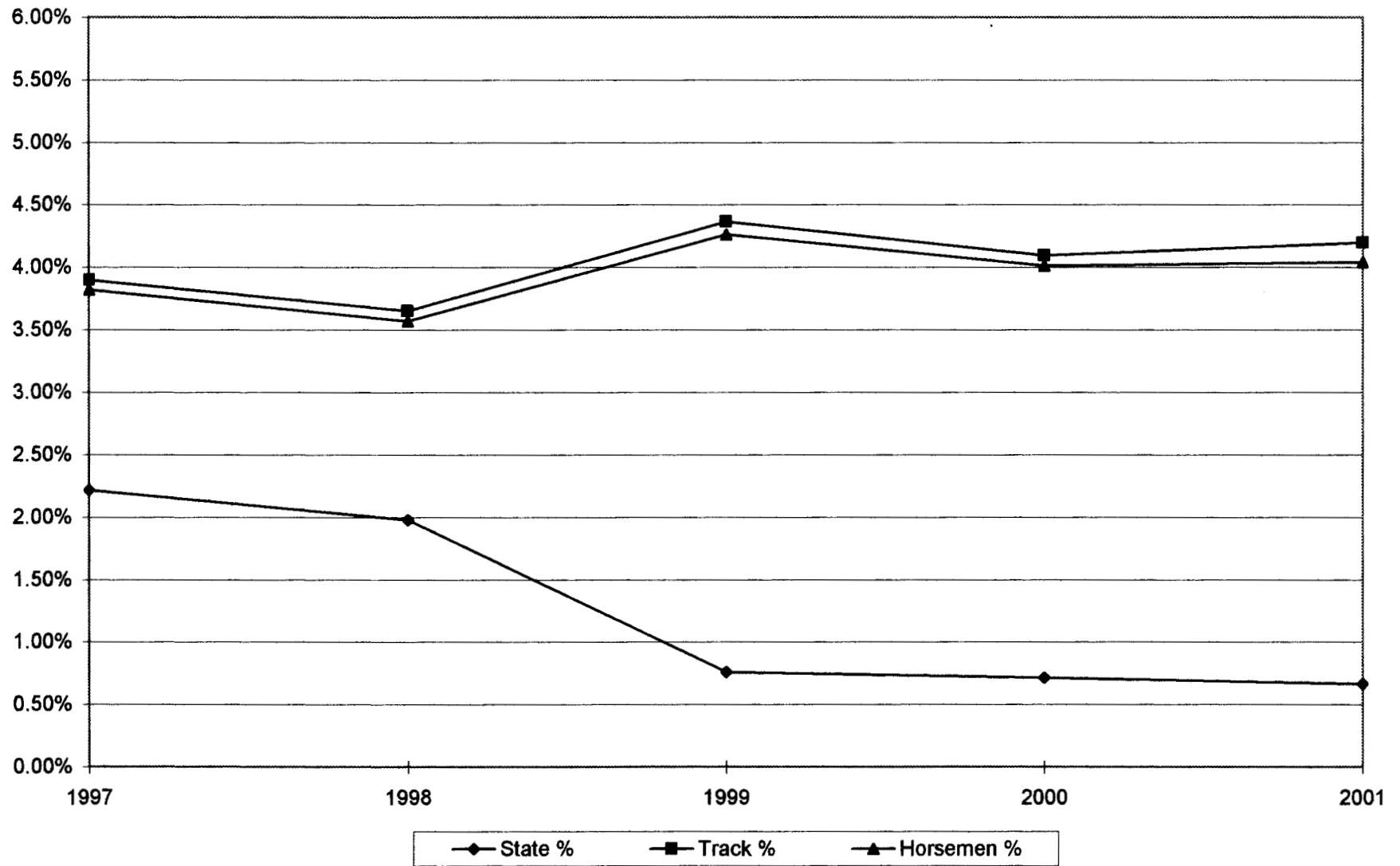
BAY MEADOWS OPERATING COMPANY



CALIFONIA AVERAGE HANDLE AND ATTENDANCE

Chart4

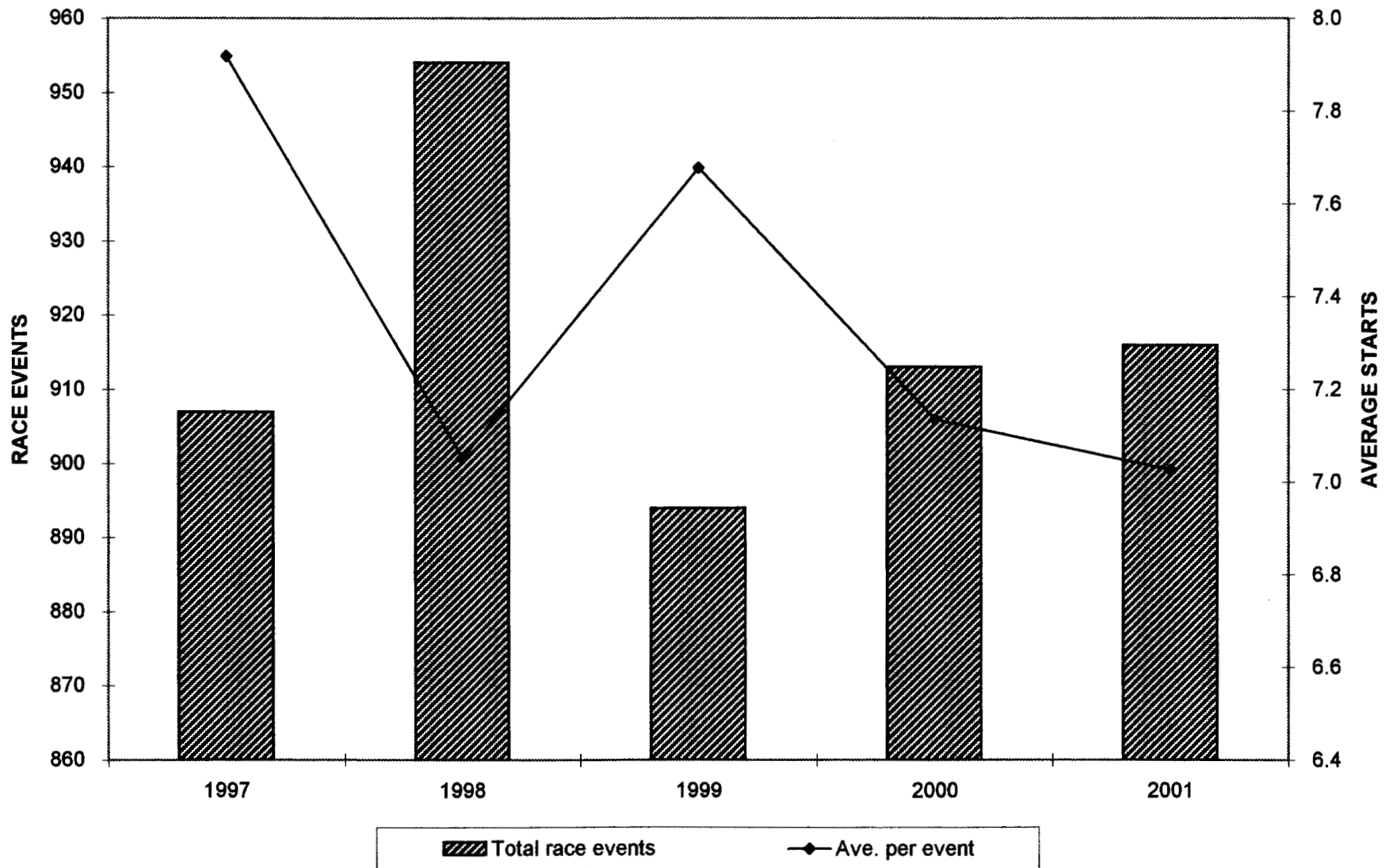
BAY MEADOWS OPERATING COMPANY



DISTRIBUTION OF HANDLE

Chart5

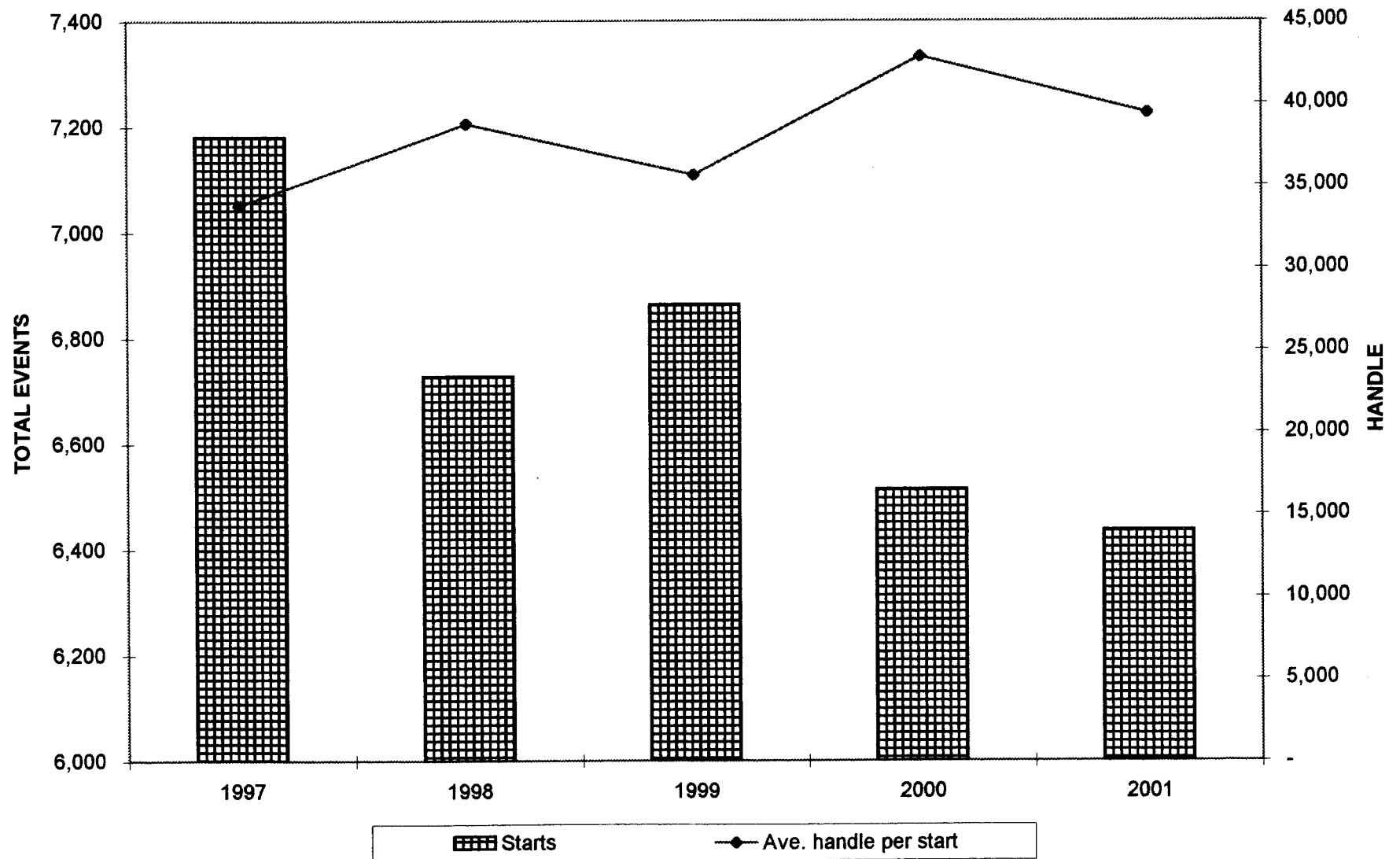
BAY MEADOWS OPERATING COMPANY



TOTAL EVENTS VS. AVERAGE STARTS PER EVENT

Chart 6

BAY MEADOWS OPERATING COMPANY



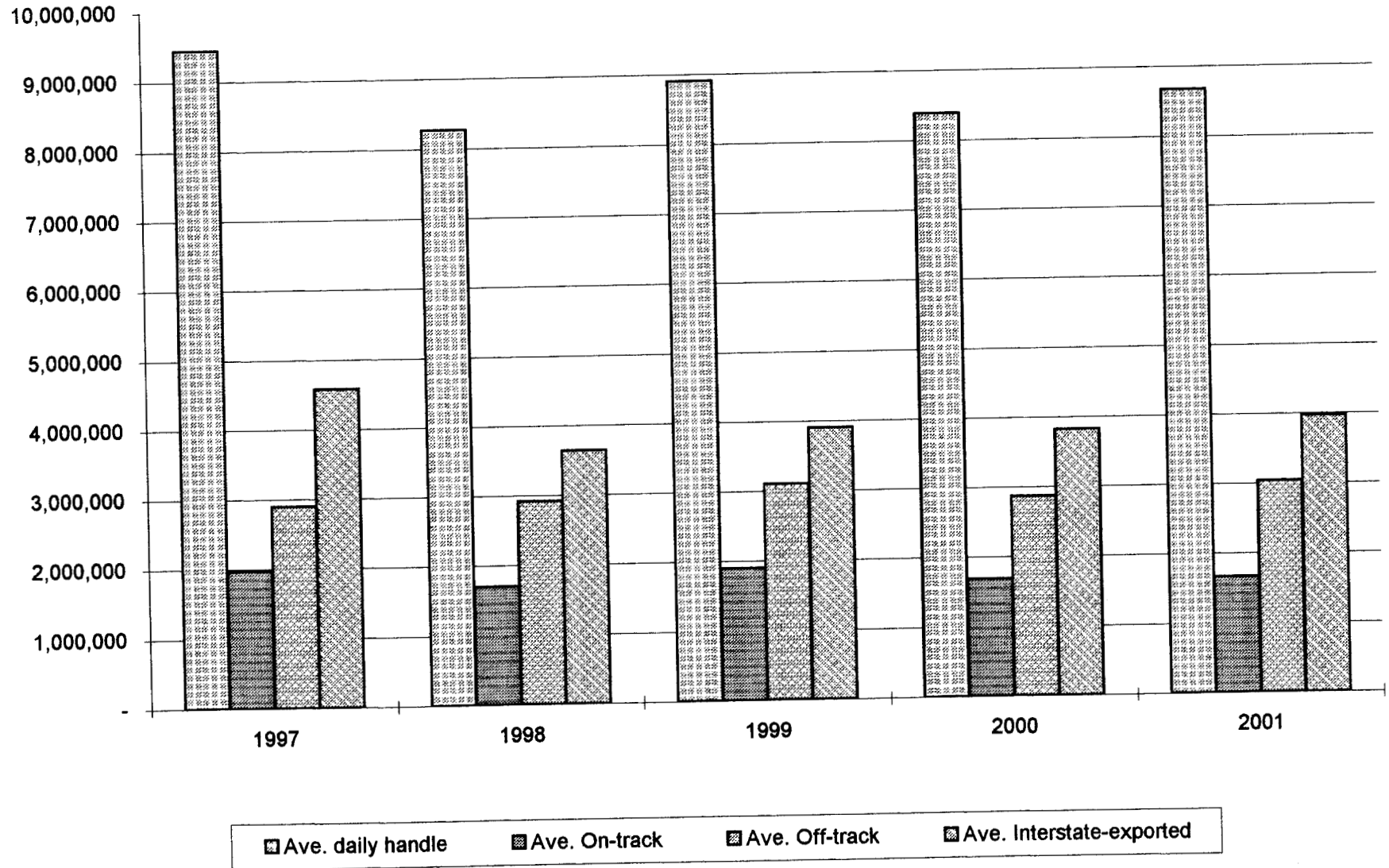
STARTS TO HANDLE

CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK

YEAR	1997	1998	1999	2000	2
Total race days	37	31	31	35	
Total Handle	349,540,858	256,211,771	276,073,819	293,474,456	268,792
On-track	72,919,411	52,858,964	58,840,043	59,092,585	51,596
Off-track	107,178,130	90,602,147	96,235,011	100,515,659	94,141
Interstate-exported	169,443,317	112,750,661	120,998,765	133,866,213	123,055
Live	289,723,395	203,536,971	216,663,293	229,303,748	206,406
Intrastate-imported	46,427,159	37,877,324	36,308,072	39,045,277	33,521
Interstate-imported	4,725,575	5,264,485	22,054,505	25,125,431	28,864
International-imported	8,664,729	9,532,992	1,047,949	-	
Ave. daily handle	9,447,050	8,264,896	8,905,607	8,384,984	8,670
Ave. On-track	1,970,795	1,705,128	1,898,066	1,688,360	1,664
Ave. Off-track	2,896,706	2,922,650	3,104,355	2,871,876	3,036
Ave. Interstate-exported	4,579,549	3,637,118	3,903,186	3,824,749	3,969
Ave. California handle	4,867,501	4,627,778	5,002,421	4,560,236	4,701
Ave. Live	7,830,362	6,565,709	6,989,138	6,551,536	6,658
Ave. Intrastate-imported	1,254,788	1,221,849	1,171,228	1,115,579	1,081
Ave. Interstate-imported	127,718	169,822	711,436	717,869	931
Ave. International-imported	234,182	307,516	33,805	-	
Total takeout	67,261,120	49,663,630	53,025,910	56,791,801	51,710
Effective takeout	19.24%	19.38%	19.21%	19.35%	19
State license fees	7,185,740	5,551,580	3,433,270	3,595,723	3,266
State %	2.06%	2.17%	1.24%	1.23%	1
Track commissions	13,245,822	9,438,356	11,277,576	11,804,884	10,540
Track %	3.79%	3.68%	4.08%	4.02%	3
Horsemen purses	12,883,832	9,135,937	11,025,264	11,555,468	10,310
Horsemen %	3.69%	3.57%	3.99%	3.94%	3
Total California attendance	726,957	559,940	558,864	583,094	525
On-track	318,542	230,727	235,689	240,807	227
Off-track	408,415	329,213	323,175	342,287	297
Ave. daily attendance	19,647	18,063	18,028	16,660	16
Ave. daily on-track	8,609	7,443	7,603	6,880	7
Ave. daily off-track	11,038	10,620	10,425	9,780	9
Live race events	316	268	268	301	

Chart1

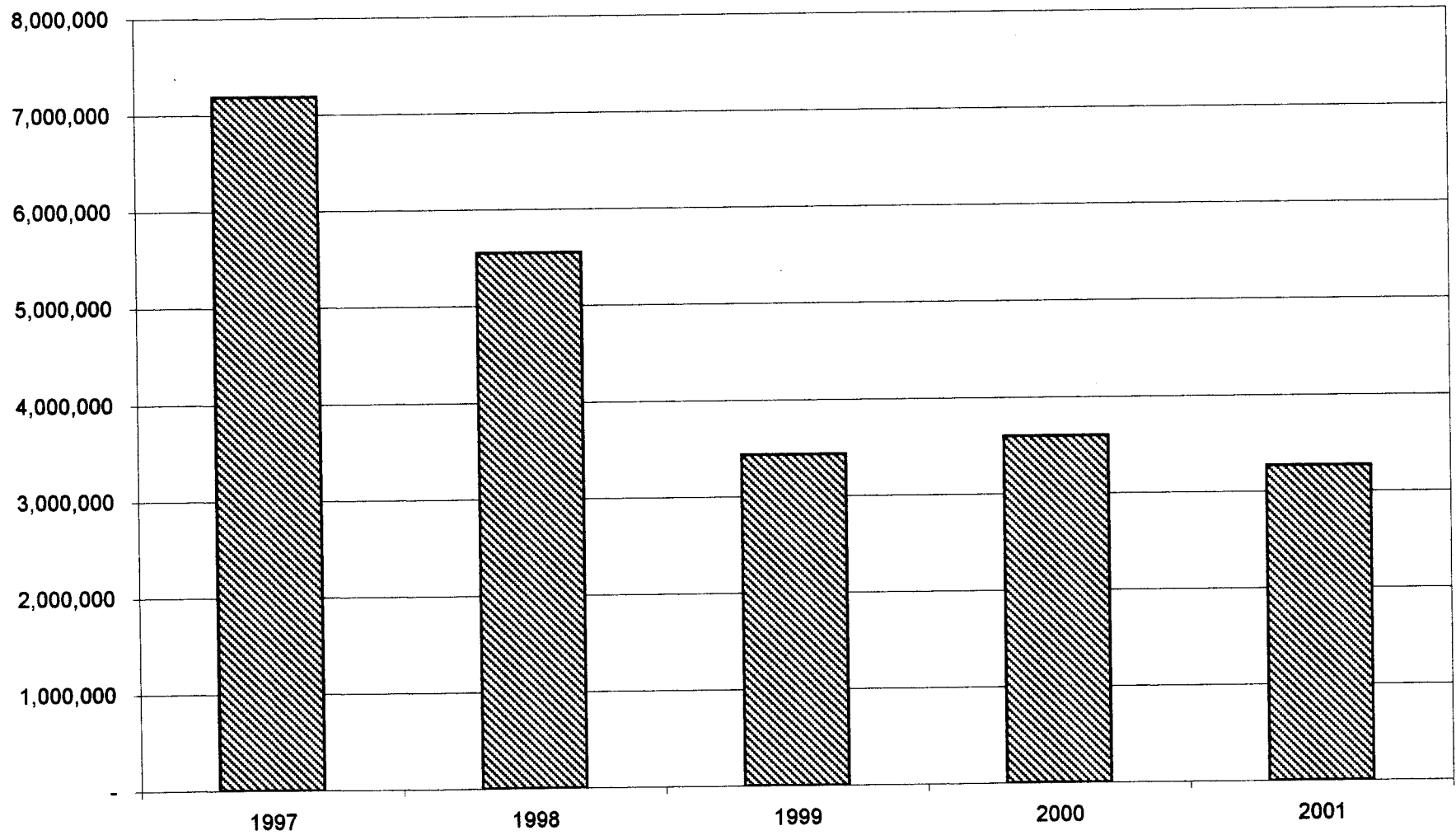
CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



AVERAGE DAILY HANDLE

Chart2

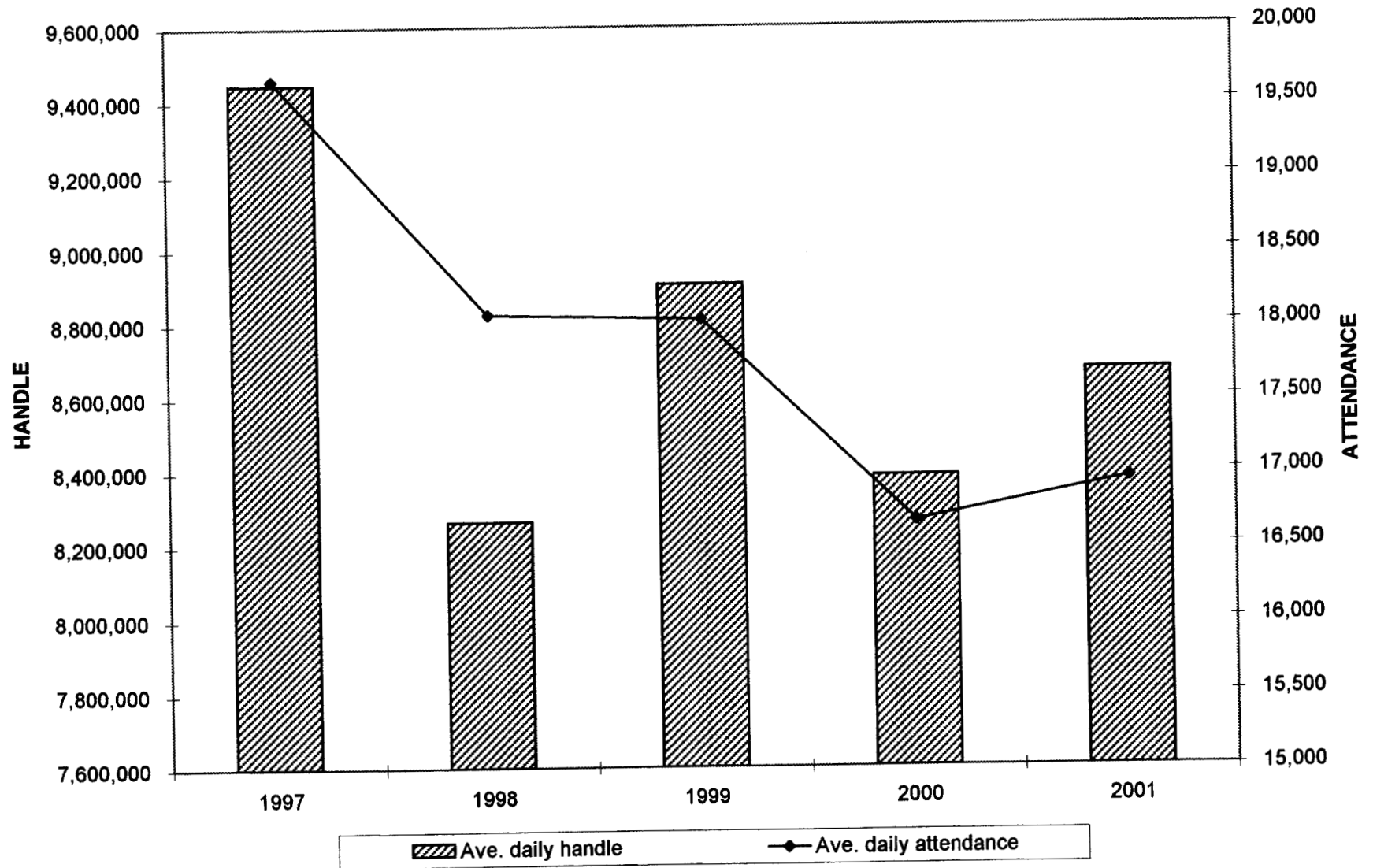
CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



PARIMUTUEL LICENSING FEES

Chart3

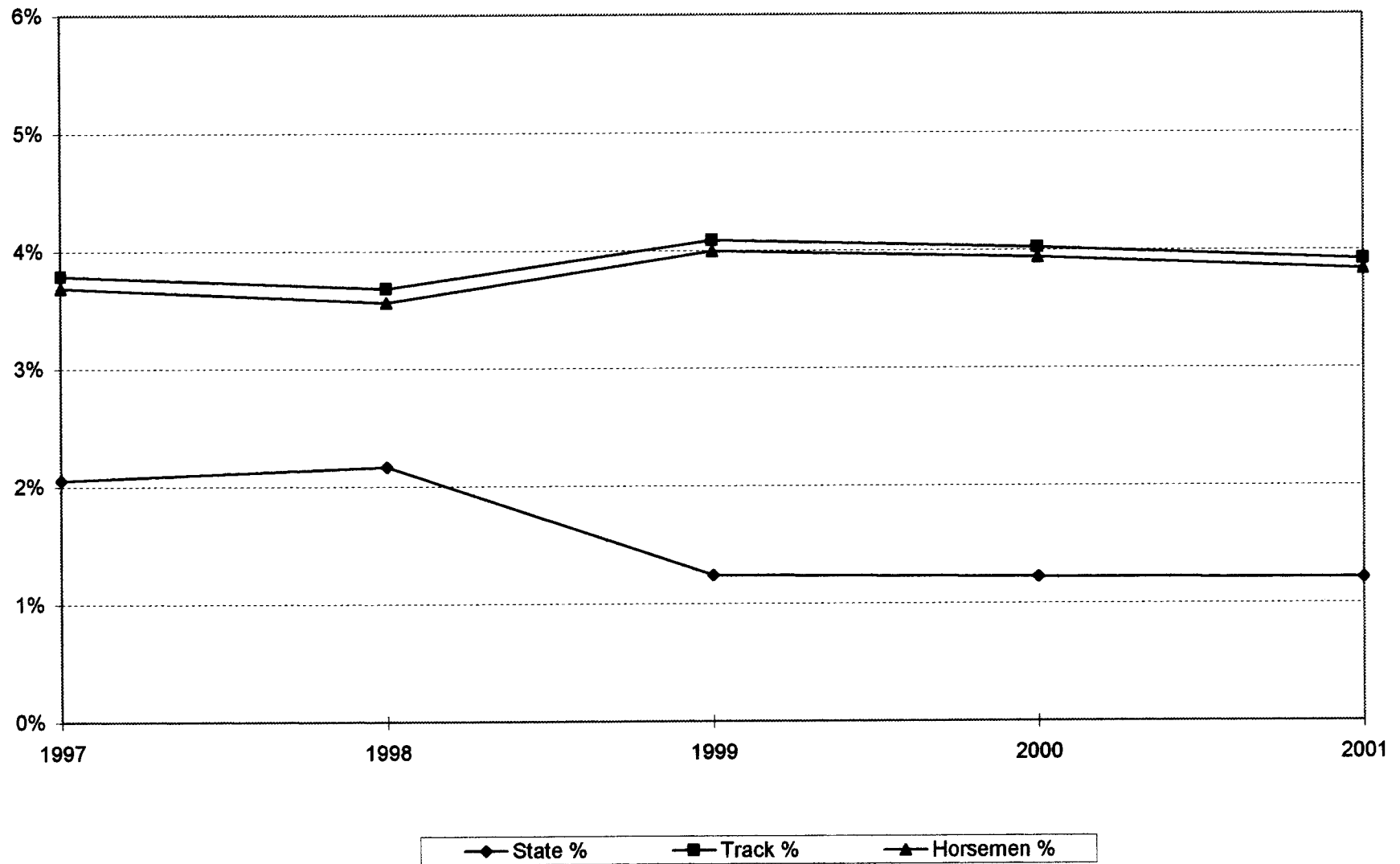
CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



HANDLE VS. ATTENDANCE

Chart4

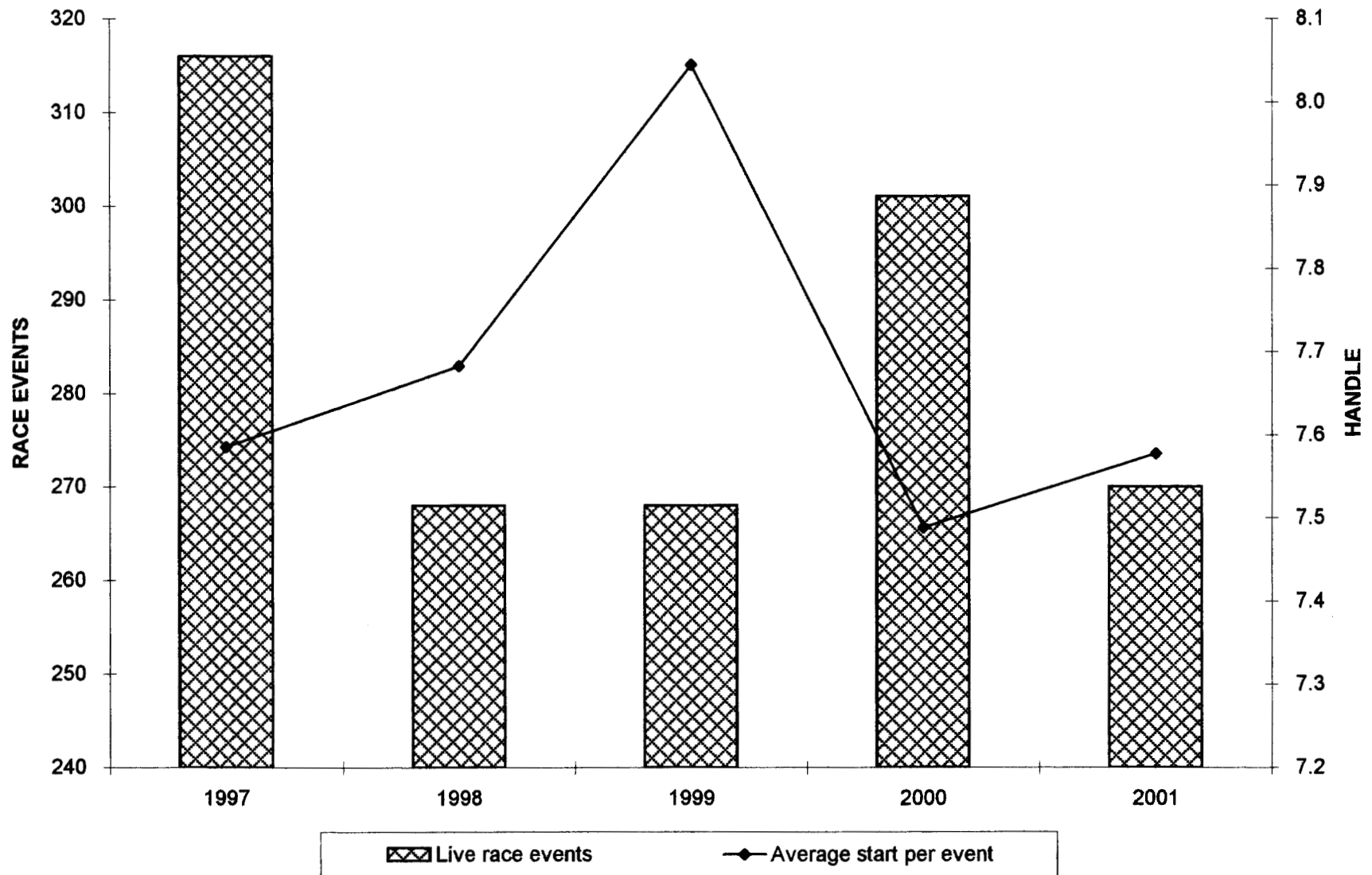
CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



DISTRIBUTION OF HANDLE

Chart5

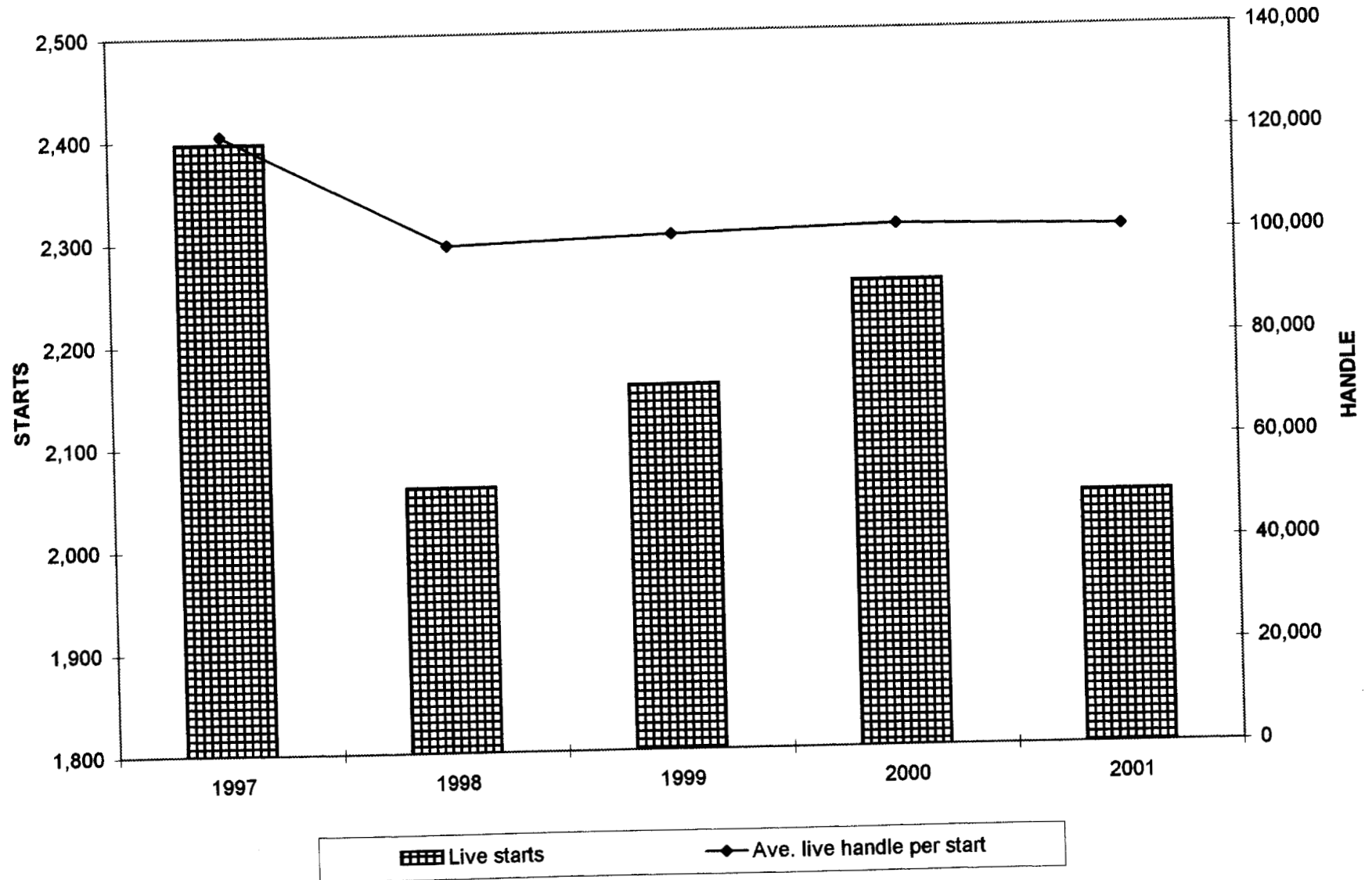
CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



TOTAL LIVE RACE EVENTS VS. AVERAGE START PER EVENT

Chart6

CHURCHILL DOWNS FALL OPERATING COMPANY AT HOLLYWOOD PARK



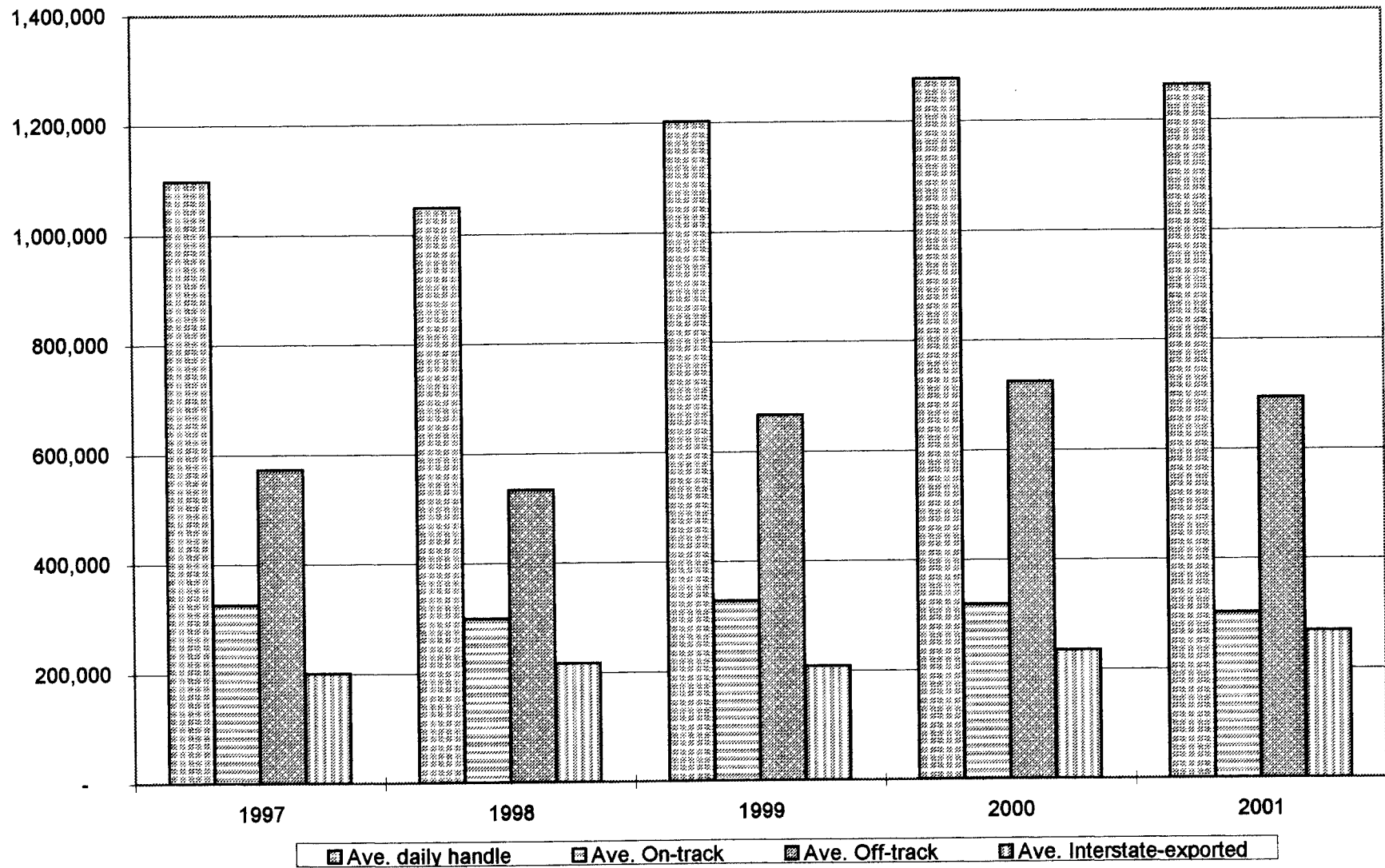
STARTS TO HANDLE

LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION

YEAR	1997	1998	1999	2000	2001
Total race days	142	144	141	140	181
Total Handle	155,999,877	150,970,348	169,502,868	178,761,144	228,868,336
On-track	46,328,280	43,058,986	46,204,866	44,624,408	54,692,422
Off-track	81,239,027	76,781,799	93,999,538	101,400,798	125,586,676
Interstate-exported	28,432,570	31,129,563	29,298,464	32,735,938	48,589,238
Live	136,476,530	132,520,756	128,369,730	132,542,046	172,385,950
Intrastate-imported	-	-	-	-	-
Interstate-imported	19,523,347	18,449,592	41,133,138	46,219,098	56,482,386
International-imported	-	-	-	-	-
Ave. daily handle	1,098,591	1,048,405	1,202,148	1,276,865	1,264,466
Ave. On-track	326,255	299,021	327,694	318,746	302,168
Ave. Off-track	572,106	533,207	666,663	724,291	693,849
Ave. Interstate-exported	200,229	216,178	207,791	233,828	268,449
Ave. Calif. daily handle	898,361	832,228	994,357	1,043,037	996,017
Ave. Live	961,102	920,283	910,424	946,729	952,409
Ave. Intrastate-imported	-	-	-	-	-
Ave. Interstate-imported	137,488	128,122	291,724	330,136	312,057
Ave. International-imported	-	-	-	-	-
Total takeout	30,439,210	29,545,328	34,638,497	36,302,891	46,202,502
Effective takeout	19.51%	19.57%	20.44%	20.31%	20.19%
State license fees	1,020,887	1,401,141	795,823	816,299	1,010,445
State %	0.65%	0.93%	0.47%	0.46%	0.44%
Track commissions	8,527,535	7,838,444	9,074,550	9,336,684	11,513,596
Track %	5.47%	5.19%	5.35%	5.22%	5.03%
Horsemen purses	8,047,032	7,434,583	8,779,129	9,133,306	11,288,514
Horsemen %	5.16%	4.92%	5.18%	5.11%	4.93%
Total California attendance	755,266	774,421	742,571	727,420	937,165
On-track	285,456	284,326	244,104	211,325	274,560
Off-track	469,810	490,095	498,467	516,095	662,605
Ave. daily attendance	5,319	5,378	5,266	5,196	5,178
Ave. daily on-track	2,010	1,974	1,731	1,509	1,517
Ave. daily off-track	3,309	3,403	3,535	3,686	3,661
Total race events	1,462	1,498	1,408	1,432	1,878
Starts	11,660	11,931	11,358	11,377	14,323
Ave. starts per event	8.0	8.0	8.1	7.9	7.6
Ave. handle per start	11,705	11,107	11,302	11,650	12,036

Chart1

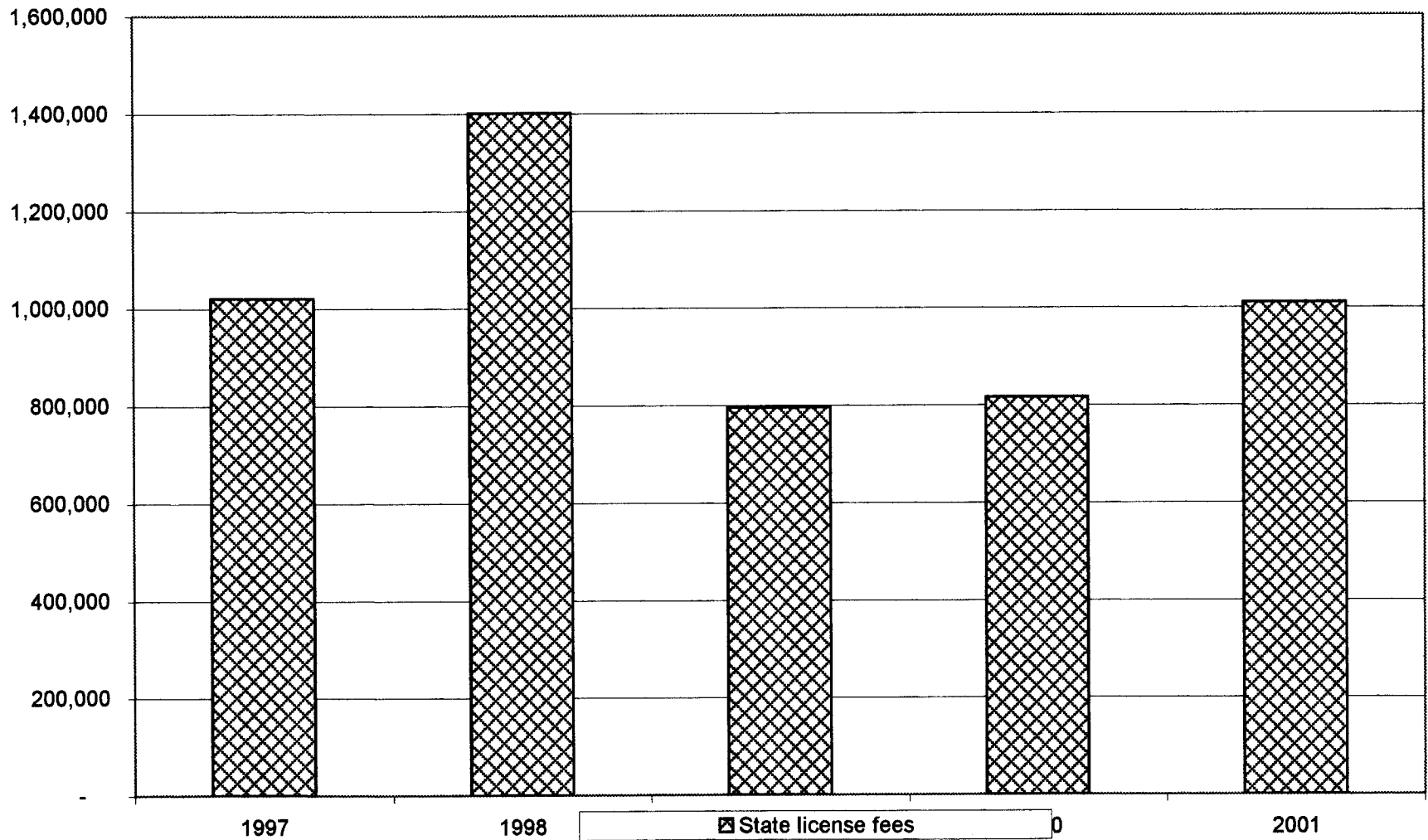
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



Average Daily Handle

Chart2

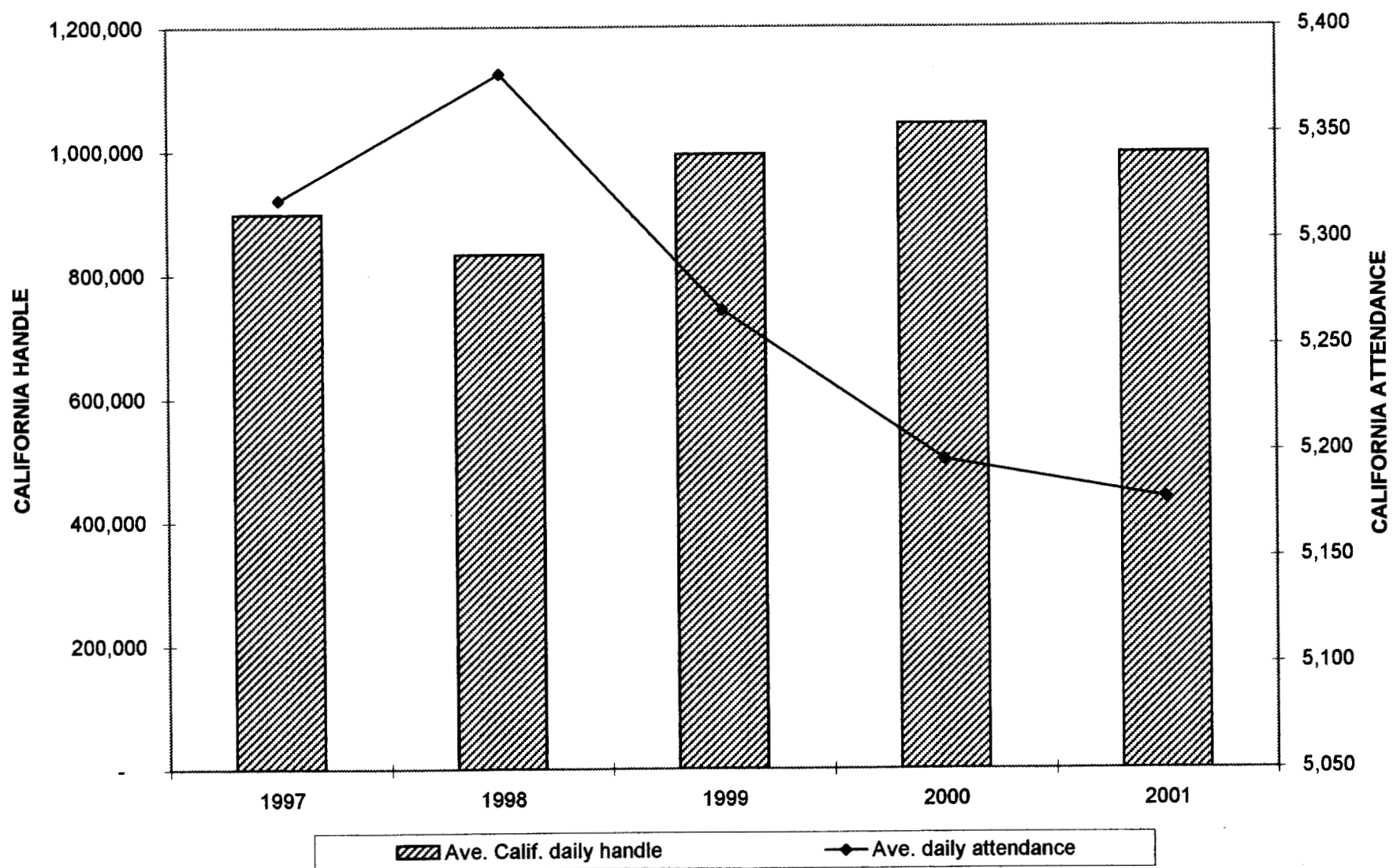
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



PARIMUTUEL LICENSING FEE

Chart3

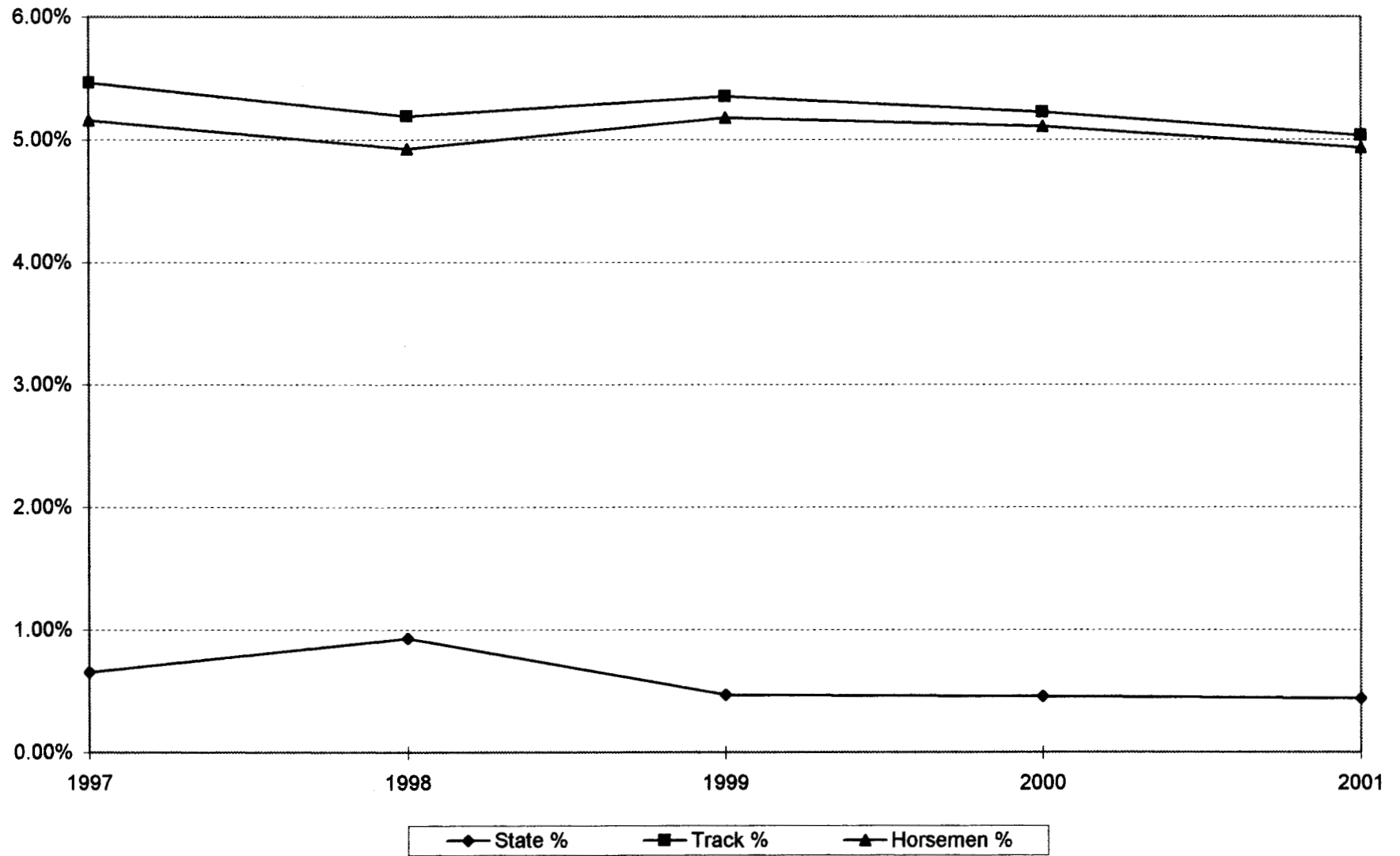
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



CALIFORNIA HANDLE VS. ATTENDANCE

Chart4

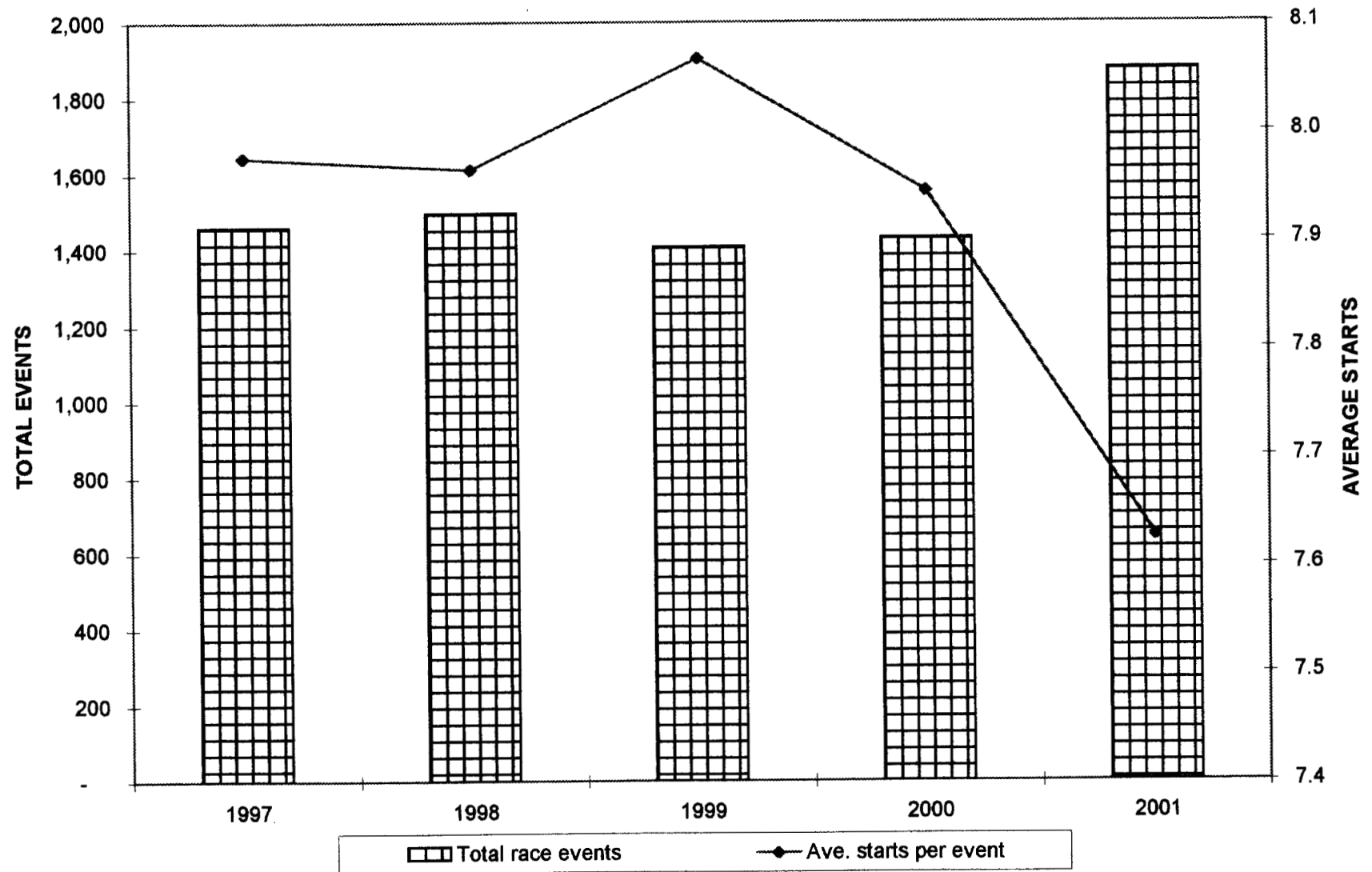
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



DISTRIBUTION OF HANDLE

Chart5

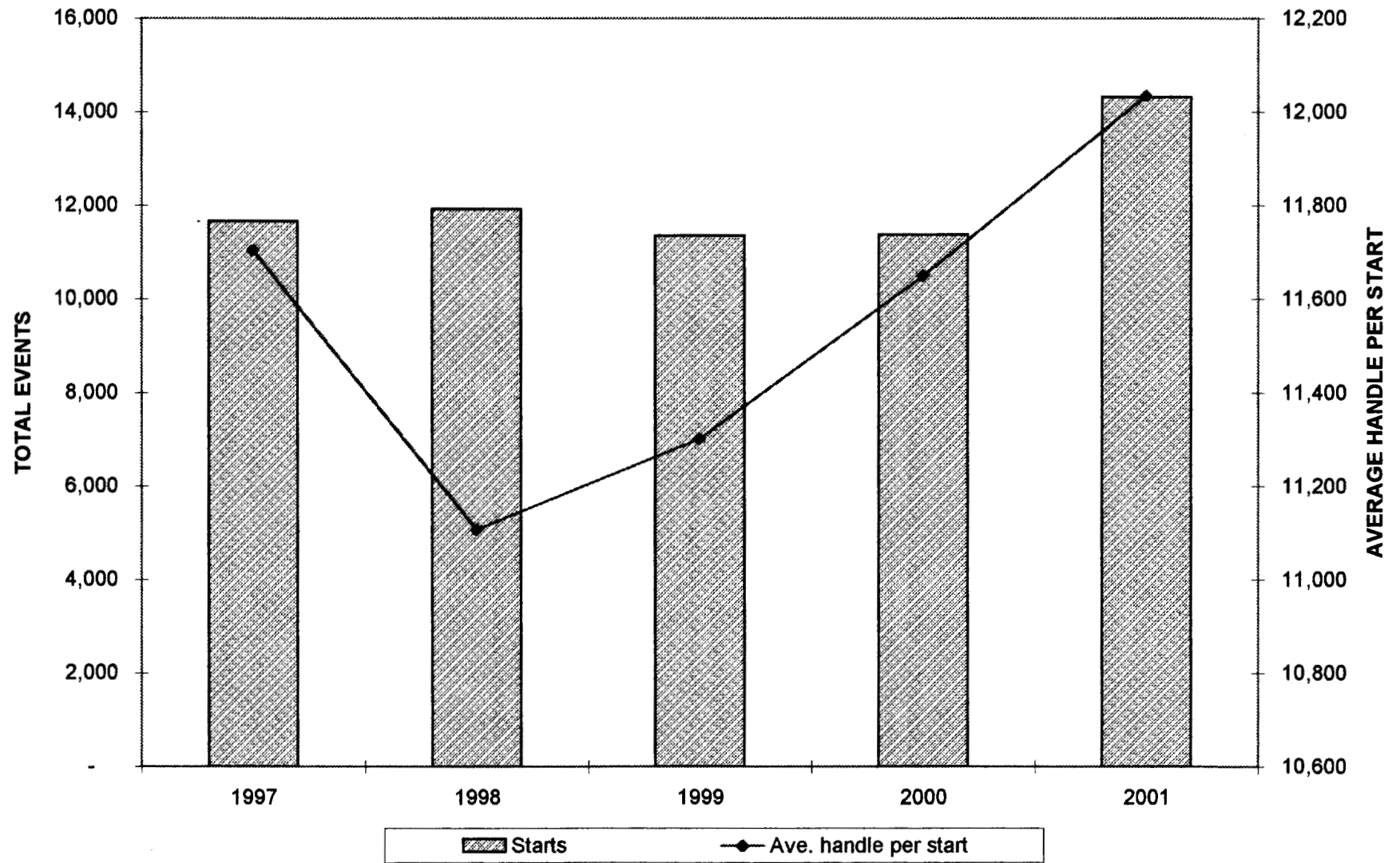
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



TOTAL RACE EVENTS VS. AVERAGE STARTS PER EVENT

Chart6

LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION



STARTS TO HANDLE